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Protecting Dundee's Third Sector: A Call for Transparent, Inclusive, and Fair Budget Consultations

While the current financial situation is challenging, it is vital to focus not only on the need for fiscal restraint but also on how the proposed budget cuts are being presented. In Dundee, the planned reductions in funding for third sector organisations, particularly for those supporting the most vulnerable people and families within our communities, present serious risks to the sustainability of this essential community support. This paper calls for a fresh review of the consultation process to ensure that decisions reflect a true and representative view of community needs and voices of those people that it impacts, as well as the long-term social and economic impacts are fully considered.

Alongside the direct impact of funding reductions, third sector organisation are also facing the compounding pressures of increasing costs. Rising living wage requirements and the impact from last year's national insurance contributions placed additional financial burden on service providers, many of whom already operate on tight budgets. These cost increases mean that even maintaining current service levels requires greater investment, not reductions.

Without appropriate adjustments to funding structures, organisations will be challenged to keep full staff capacity and meet their commitment to deliver essential services. This squeeze on financial sustainability will not only threaten the viability of third sector organisations but also increase demand on already over stretched statutory services. Posing a major threat to their viability and the people within the communities they provide for.

Concerns with the Consultation Process

- Inaccessibility and Ambiguity**

The consultation documents employ technical language that many, particularly from marginalised communities, find difficult to understand the impact. Key questions, such as those on funding reductions, are phrased in a way that may lead responses toward a narrow demographic, a shortfall also observed in the DCC budget consultation where underrepresented community views were inadequately reflected. Feedback from last year's consultation reflected how people who use the services found it inaccessible with challenging time scales which has been repeated for this year's process.

- Process Limitations**

The consultation is largely a paper exercise constrained by a fixed timeline, which limits genuine engagement and the exploration of lived experiences. Public input is reduced to a



tick-box exercise rather than a meaningful opportunity to influence decision-making.

- **Impact on Third Sector and Statutory Services**

Proposed cuts would lead to job losses and a reduction in vital services supporting vulnerable community members. With statutory services already under pressure, any reduction in third sector capacity will result in increased crisis interventions, and the likelihood of more costly longer-term statutory support. Noting from recent DCC committee papers results from indicators of tackling key issues such as poverty have fallen short of their mark. Moreover, rising wage, cost of living challenges and recognition that many third sector staff face in-work poverty themselves costs will further strain third sector budgets, potentially forcing staffing cuts and service closures even before funding reductions are implemented. The absence of a clear strategy for income generation or reinvestment raises significant concerns about the long-term viability of these essential services.

- **Implications for Dundee's Third Sector**

Cuts in community-based support and front-line services risk undermining the foundational support for effective community engagement, potentially marginalising the very voices that need support the most. Without plans for income generation or reinvestment, these proposals may set in motion a cycle of underfunding and reduced service quality, while the combination of funding cuts and rising operational costs could render the financial model unsustainable, potentially causing key services to disappear altogether. Noting recent closures of key support services within the city i.e. Rocksolid and Home-Start.

Key findings from the Scottish Third Sector Tracker - Wave 10 (Spring 25), outlined that 81% organisations reported financial-related challenges, an increase of 10% since spring 2023. 43% have used their reserves, and 54% of these believe their current usage of reserves is unsustainable (up 14% since Autumn 2024). Commenting on these results, Anna Fowlie, SCVO's Chief Executive, said:

"The voluntary sector is more fragile than it's ever been, with costs rising, challenges in finding staff and volunteers and cash flow. Financial sustainability for charities, community organisations and social enterprises is a long-standing problem, but concerns over immediate cashflow have risen to the top over recent months. Our sector is a crucial part of the social and economic fabric of Scotland so its sustainability is in all our interests."

As reported by The Scotsman in Edinburgh [2024] - with the headline "Numerous charities face closure in Edinburgh over axe to £45m for groups supporting 50,000 people" – a similar scenario could unfold in Dundee. Should current trends continue, Dundee might soon see headlines such as "Numerous charities face closure in Dundee over axe to £2.5m," underscoring the very real consequences of unsustainable budget cuts.

As Dundee TSI, we can attest that job losses in this sector would lead to a significant reduction in the vital services that support our most vulnerable people. The loss of experienced staff would weaken community-based support networks, diminish local expertise, and erode the preventative services that help people remain well and independent. Another stark figure (SCVO, Nov 24) Many third sector organisations have not received an uplift for many years, including no uplift for 13 years, a



27% cut in real terms at the time. This, coupled with additional budgets cuts, means that fewer organisations are able to meet the demands for their services, to the detriment of local priorities, including, but not limited to, reduced child poverty and inequalities in incomes, education and health. In the long term, the social and economic costs of losing these skilled workers would far outweigh any short-term financial savings. This lack of clarity within the consultation process may inevitably undermine support for organisations that are essential to protecting Dundee's most vulnerable citizens.

Recommendations for a Fairer Process

To ensure that any budget cuts are both fair and effective, we propose the following:

- **Clarify Funding Reductions:**
Clearly define what the implications are for funding reductions and the reasons aside from "this is not a statutory obligation".
- **Improve Consultation Accessibility:**
Redraft consultation documents in plain language and offer them in multiple formats (both digital and paper) to reach a wider audience. Beyond posting online without in-depth community engagement.
- **Widen Representation:**
Actively engage with a diverse range of stakeholders, with clear evidence of inclusive mechanisms for citywide engagement to include underrepresented groups, to ensure a balanced view of community needs.
- **Extend the Consultation Period:**
Allow more time for discussion and reflection so that feedback can be genuinely considered.
- **Commit to Long-Term Investment:**
Ensure that any cost-saving measures do not compromise the critical support provided by the third sector. Explore options for generating income or reinvesting savings to maintain service quality.

Diarmaid Lawlor (Edinburgh TSI Chair) wrote to the Chair of the EIJB, the Leader of the Council, the City of Edinburgh Council Chief Executive, and the NHS Lothian Chief Executive, emphasising the urgent need for:

- **Resetting Investment:** A whole city conversation on a sustainable financial settlement for the Third Sector.
- **Reforming Ways of Working:** A better approach to commissioning, valuing, and supporting the Third Sector through change.
- **Repairing Relationships:** Recognising and valuing the contribution of the Third Sector to communities is essential for building strong, collaborative partnerships.

We are proposing a similar and proactive approach to genuinely address these considerations also in Dundee with key strategic leadership within the city (Dundee City Council administration and councillors, Dundee Integrated Joint Board [DHSCP] Children & Families Executive Leadership and Dundee Partnership Management Group). Engaging with us the TSI, community leaders, stakeholders and concerned citizens, to act on the views of those with lived experience. The proposed



cuts and the manner in which they are being presented have real and lasting impacts on Dundee's third sector and the wider community. We urge decision-makers to adopt a more transparent, inclusive, and evidence-based consultation process that truly reflects the diverse needs of our community. By working together, we can ensure that fiscal prudence does not come at the expense of the most vulnerable.

If you need any further information, please do not hesitate to contact me.



Christina Cooper
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