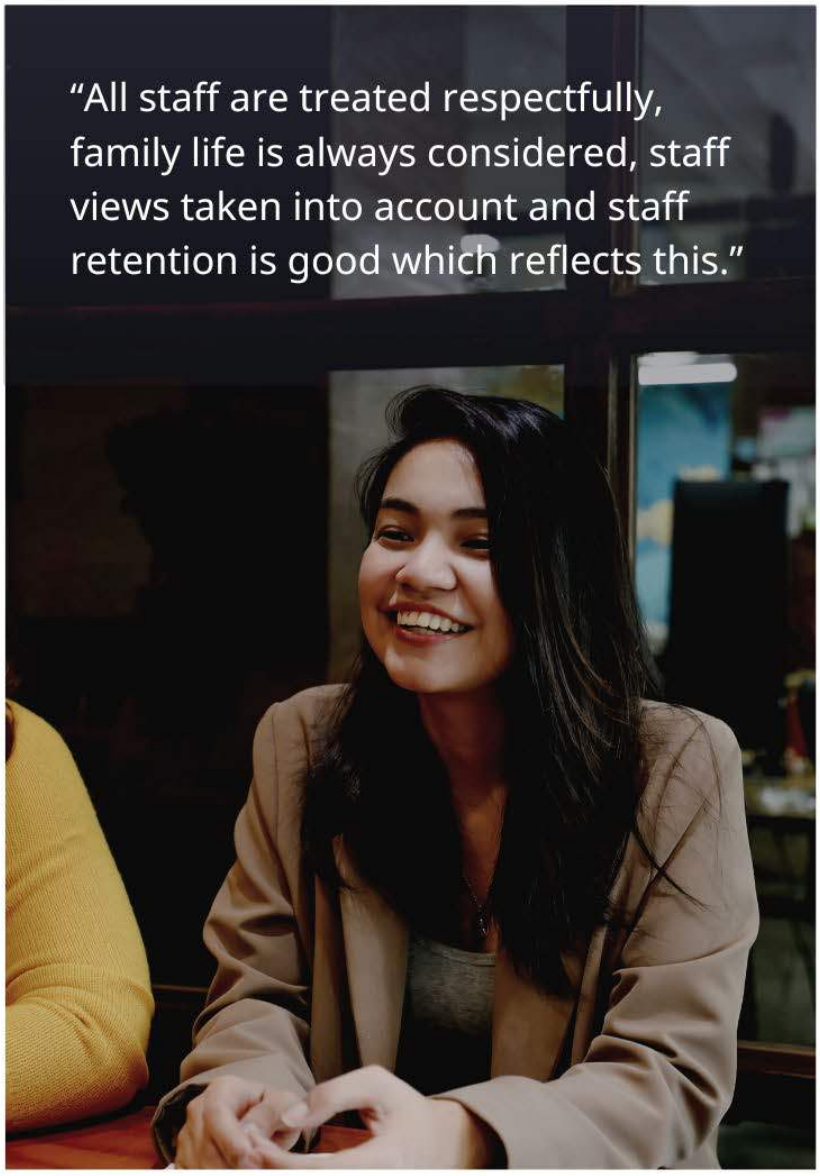
Fair Work
in the Third Sector in Scotland

Glasgow Council for the Voluntary Sector

University of Strathclyde Business School

Summary and response deriving from research carried out by Strathclyde University for GCVS, July 2023



"All staff are treated respectfully, family life is always considered, staff views taken into account and staff retention is good which reflects this."

"Compare this to NHS and Local Authority staff who provide the same – they receive £5 - £8,000 more. Fair work? This is not fair."

Fair Work in the Third Sector in Scotland

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Fair Work in the Third Sector in Scotland

Foreword

Ian Bruce, Chief Executive of GCVS

GCVS is pleased to launch “Fair Work in the Third Sector in Scotland”, research carried out by Strathclyde University and funded by GCVS and the Robertson Trust. As new Scottish Government Fair Work guidance on procurement and public contracts has just been launched[i], this research is timely and relevant.

The clear strategic focus on Fair Work at government level is worth celebrating. Better, more fulfilling and secure work for all is at a wellbeing economy's core. But moving this from an aspiration to a reality requires a solid understanding of the challenges and a clear action plan for change. That’s why we commissioned this research, and while it demonstrates that our sector has much to share and celebrate regarding good employment practice, it cannot say ‘job done’.

Charities, voluntary organisations and social enterprises deliver vital services to people right across Scotland. They build the social fabric of communities, enriching people’s lives and standing alongside them during tough times. During Covid and our current cost of living crisis, we have seen that they are often the fastest to step up when needed.

It is people that make the third sector so wonderful. Staff and volunteers across the sector share an amazing commitment to improving people’s lives. The sector is excellent at supporting people and reducing pressure on more expensive public services. Yet too often, policy-makers still regard our sector as a supplementary part of Scotland’s public services infrastructure – allocating resources on a less favourable and stable basis than they are to public sector services.

This approach to resourcing has the most significant repercussions on third sector employees who we know are passionate about their work. This doesn’t mean they should have less employment security than they would expect in other sectors. Employees in the third sector are doing complex and emotionally demanding work. It is reasonable to expect that they should be able to go home at the end of the day and not worry about their work and financial situation.

Attracting and retaining the right people in third sector organisations is critical for them to achieve their mission.

There are undoubtedly improvements that individual organisations can make, but there is a clear need for a system-wide approach to some of the challenges that exist.

This research stimulates further debate and joint action from third sector organisations and the organisations that fund and commission them. We have a shared duty of care to the people behind the sector’s fantastic work. With all they do, we owe it to them to respond with urgency and bravery. We all have a role in creating a fairer Scotland and progressing Fair Work. None of us can do it alone.

Dr Jim McCormick, Chief Executive of The Robertson Trust

Fair Work in the Third Sector in Scotland shines a light on the conditions faced by diverse organisations driven by social purpose. It does this in the midst of searing cost pressures which have become, for many, a cost-of-survival crisis. The people and places we serve tell us this is even tougher than the height of the pandemic. Needs have intensified while resources are stretched more thinly. Many are pressed into providing a fourth emergency service of multi-banks, meeting immediate needs for food, energy, warmth, household essentials.

The work involved is often complex, emotional labour. At their best, organisations do this with skill, determination and presence. They take risks and pursue opportunities, often against remarkable odds, when others are not prepared to. But this comes at a high price when insecurity is such a prevalent feature. The rigorous analysis and telling quotes within the report underline what we see and hear from many of our grant-holders. The head of one charity told us that stabilising their budget in cash terms (a significant reduction in real terms) after cumulative grant reductions meant they could just about keep their heads above water, but with pay no higher than five years ago.

Fair work for the people in our sector is a condition for achieving the social change we stand for. Funders should do more to extend real Living Wage coverage, for example by helping to remove barriers to accreditation, and factor in real-world running costs. But even this is cold comfort for those working on recurrent short-term contracts, working fewer hours than they need or below their skill level.

This report prompts the need for sharper clarity of purpose and accountability on fair work, embedded in a New Deal for the Third Sector – so far, conspicuous by its absence compared with the New Deals for Local Government and Business put in place quickly by the new Scottish Government. Multi-year funding around shared goals should be understood as the surest route to achieve the vision of the Christie Commission, delivering on The Promise and removing barriers to ensure disabled people can thrive. Long-term change cannot be achieved with short-term funding.

With thanks to The Robertson Trust for supporting this work

Fair Work in the Third Sector in Scotland

A Mixed Picture

Doing Well	Improvement Needed
Over two thirds of survey respondents had degree and higher qualifications	FTE median pay in the third sector is c.£2k lower than the median for both Scotland and the UK
88% responding are motivated by their organisation's purpose	26.5% on successive, short-term contracts have been in that position for more than 5 years
79.3% responding report that their employer prioritises providing a predictable income	15% of respondents reported secure household income that enables saving
91% responding feel that their manager has confidence in them to do their jobs	13% report a skills gap; 30% report skills under-utilisation
85% reported that their jobs are designed in a way that enables a good fit with other commitments outside of the workplace	55% do unpaid overtime several times a month 27% do unpaid overtime at least several times a week

Fair Work in the Third Sector in Scotland

Standout Themes

Third sector organisations are providing more crucial local services yet face multi-faceted inequality in pay, conditions, security and recognition compared to public bodies.

……..

There is an increasing risk that the third sector will effectively be 'subsidising' public services, and in turn their staff, through continual pay cuts, cost-focused procurement and temporary contracts. As a result, it becomes harder to embed fair work practice; staff retention and recruitment are now significant issues in the sector.

……..

There is a wealth of 'Fair Work' innovative and compassionate practice across the third sector that needs to be captured and shared more widely. The research also emphasises the importance of effective governance and HR support for third sector leaders and trustees.

……..

Single people, disabled people and those from minority ethnic communities are generally more negative on factors linked to fair work. Inequalities in society, the economy and labour market are mirrored in the third sector.

……..

Even in the face of all of these challenges, the third sector is in the vanguard of the fair work journey in Scotland and has respect and compassion at its heart. Staff are fiercely loyal and committed to their work, and there are many exemplars of good employment practice.

"… the staff and volunteers drive the decision making and can develop a project or service as they see fit. The work can be emotionally challenging but also fulfilling, as we give direct support to some of the most vulnerable people in our communities."

Fair Work in the Third Sector in Scotland

Standout Quotes

"Having recently found a P60 from 2014 my actual money has not changed; however, the cost of living has."

"…our main funders have moved to 3 year funding which offers greater job security."

"… the staff and volunteers drive the decision making… The work can be emotionally challenging but also fulfilling, as we give direct support to some of the most vulnerable people in our communities."

"…although our wage rates are pretty good for the voluntary sector, the work we do is complex and skilled so we often lose staff to similar but better paid jobs in the public sector."

"… until this year, my view was that the flexibility we offer staff, good holiday allowance, offering paid leave for family crisis… and a positive, supportive work environment helped compensate, but this equation no longer balances…."

"This a positive for the voluntary sector in my experience – the opportunity to develop talents and skills beyond boundaries of job role is generally welcomed in the sector."

"…workers are worried about contracts ending, services closing or managing on a low income … there's far too much reliance on good will, voluntary aspect and 'greater good' motivation of third sector employees. At times it verges on exploitation."

Fair Work in the Third Sector in Scotland

1. Introduction

The **Scottish Centre for Employment Research** (University of Strathclyde) was commissioned by Glasgow Council for the Voluntary Sector, and part funded by The Robertson Trust, to analyse the extent of fair work in the third sector in Scotland.[i] It sought to identify the opportunities and challenges for delivering fair work in charities, voluntary organisations and social enterprises.

The Scottish Government has consistently championed Fair Work in its policy priorities, seeking to embed the economic and wellbeing benefits of good employment, and working to make Scotland a "Fair Work nation".

Fair work is defined in the **Fair Work Framework** (2016) which has been used to build the themes for this research:

"Fair work is work that offers effective voice, opportunity, security, fulfilment and respect; that balances the rights and responsibilities of employers and workers and that can generate benefits for individuals, organisations and society."

The Framework also lays out a timeline for fair work to be embedded across Scotland – by 2025, the aim is for a country where:

"…fair work drives success, wellbeing and prosperity for individuals, businesses, organisations and for society."

This research sought to understand how far the sector is on the 'fair work journey', and what prevents it from firmly embedding fair work culture and practice.

About this Paper

In this document, we cover the main themes of this research and both spotlight and comment on some of the key findings. An accompanying document looks specifically at lessons and action for the third sector, and for the stakeholders we work with such as government, health boards, local authorities and funders.

2. Context

There is no doubt that we live in deeply worrying times. We face a period of significantly challenging public finance[i]. As with previous crises, the risk is that public bodies look to the third sector to make savings[ii] whilst turning in to protect their own services. Moreover, this would happen against a backdrop of consistently restricted finances, unsustainable pressure on the sector, and a continued lack of parity between the third sector and public bodies. These challenges are evident in this research.

At the same time, third sector organisations are doing increasingly complex work but with less financial security[iii]. The sector is picking up more of what was once delivered by public authorities. Add in the impact of rising costs, and it's harder than ever for charities, voluntary organisations and social enterprises to deliver on their core work.[iv]

The findings in this research closely mirror the issues identified by the Scottish Third Sector Tracker[v], and our sector continues to respond to a "triple whammy" of crises – austerity, COVID (COVID recovery) and a faltering economy. Meanwhile, third sector organisations and employees face the same cost of living challenges being endured by other sectors.[vi]

The third sector in Scotland is woven into the fabric of our economy, our way of life and is there at the frontline when times are hard or good. Our significant role in the pandemic response[vii] and now, as families struggle to afford the basics of life, deserves – at the very least – greater respect and acknowledgement.

The depth and reach of our sector's contribution must be better reflected in Government priorities[viii]; in policy areas such as economic growth (e.g., the New Deal for Business[ix]), tackling inequality, health and care (e.g., National Care Service), and in local planning and delivery (e.g., Community Wealth Building). These are just a few examples.

We hope that this research provides a basis for discussion between the sector and the Scottish Government as it works towards its next Programme for Government and Budget. That dialogue is essential if we are to move collectively from crisis management back towards prevention and early intervention, called for by Christie all those years ago. [x]

The Medium-Term Financial Assessment[xi] and new Scottish Government priorities of opportunity, equality and community should be seen as opportunities to rebuild partnership working and collective action to help us all recover from COVID and respond more effectively to the ongoing economic and climate challenges. This specific research outlines (again [xii]) the barriers that can prevent this from happening.

And for local government, local public bodies and other stakeholders, the third sector must be valued for its contribution and role in helping communities survive and thrive, even as we all navigate these challenging times. We want this research to "open the door" to closer and more effective working with councils, Health and Social Care Partnerships and others. We want these stakeholders to understand why expecting the sector to continue doing more for less will not foster joint working or better outcomes for the communities and people we all serve.

We welcome new Fair Work guidance on public contracts and awards[xiii]; more is needed to tackle the challenges this research so clearly describes. We must see sufficient and stable funding for the third sector; it is no longer enough just to say how much our work is valued. Whether the Verity House Agreement[xiv] - the new accord between CoSLA and the Scottish Government - will impact positively really remains to be seen.

The third sector should never be an afterthought. Getting this last part right is perhaps the most difficult thing to achieve. Trust is important, too – but our starting point must be the communities and families across Scotland for whom life is a daily struggle. Creating a better, fairer and more inclusive country requires the strength and effort of all of us. The third sector has much to offer, but the environment in which we operate prevents us from doing more.

3. Research findings – Themes and Key Points

Fair Work in the Third Sector in Scotland is shaped around the themes identified within the Fair Work Framework:

- **Security** – of employment, work, hours and income.
- **Opportunity** – to access and progress in work and employment;
- **Fulfilment** – work that is fulfilling, meaningful and uses your skills and talents;
- **Respect** – for your health and safety, contribution and work-life balance; and
- **Effective Voice** – your views are sought out, listened to and can make a difference.

We consider each of these in turn.

3.1 Security

Consistently in this research, the ongoing, challenging funding environment for the third sector is seen as a significant factor in creating employment and financial security or insecurity.

Insecurity of employment contracts is greater in the third sector in comparison to other sectors. Employees who live in single person households were more likely to report fears for their finances and job security, mirroring the challenges faced by single people in the wider population.[ii] Concerns about job and financial security are stronger for groups already experiencing labour market inequalities[iii] such as minoritized ethnic communities, women and disabled people.

Financial insecurity is felt across all levels of staff – including CEOs and charity founders, who worry what might happen if they had long term sickness. Senior Managers reported that they or someone in their household had applied for Universal Credit, or had sought higher pay. The impact of the cost-of-living compounds longer term pay deflation and the pressures faced by the sector to pay the Real Living Wage, because grants or contracts are not sufficient to cover this.

Of all respondents, only 15% of respondents report a **secure household income** that enabled saving, with single person households experiencing greater insecurity.

Some of the respondents' comments are worth noting here:

"Having recently found a P60 from 2014 my actual money has not changed; however, the cost of living has."

"Funding from Scottish Government has been static for the last 10 years and we find out on an annual basis whether we have been successful to get the funding so we can continue our services… 1% pay rise is severely underwhelming."

Third sector organisations responding to this research talk about how hard they have to work to offer greater security and benefits to employees.

- The importance (and lack) of multi-year funding is a strong message throughout this research. A consistent experience is annual funding, waiting lengthy periods for a decision or last-minute decisions from funders - sometimes made after the new financial year has started.

"Longer term funding… Government contracts that roll on year to year without multi-year agreements in place… Insecurity for staff is neither fair nor justified…"

'Contracts with local authorities present a challenge … with decisions re continuation of these contacts/ budgets being made last minute. There are also no increases in financial support from local authority year to year'.

More time spent trying to secure and manage multiple funding streams; standstill or reduced contract values combined with increased cost pressures negatively impact on salaries and security at all levels. It becomes incredibly difficult for CEOs, managers, and boards to offer the best employment terms possible:

"The time it takes to come up with projects and apply for funding is a full-time job and we don't have a full time post available to do this. It is the same across the sector – the last two organisations I worked for have either had to merge or close due to the lack of long-term funding. I was saying this 44 years ago and I am still saying it!"

"If anyone was ever off long-term sick, or maternity, that would be a challenge to cover financially."

For employment security, even those with 'permanent' contracts are not deemed really secure:

"Funding, funding, funding… have worked for this organisation for almost 20 years… I will once again be on redundancy notice… funding applications are in … and chance(s) are our jobs will be safe … but this will not be known until funding awards are made…"

The use of temporary contracts is an important theme in this work. Where these are utilised, over half are for less than 2 years. These contracts can be used repeatedly, which in turn reduces access to important employment rights. This was especially the case for respondents in larger organisations (250 people+).

Not surprisingly, those on such contracts feel less financially secure and that their pay does not cover their basic needs. Nor do they feel their pay fairly reflects their role. Respondents who were actively seeking work were more likely to feel negatively about fairness and financial security.

An overemphasis on keeping costs down in contracting/commissioning places pressure on the third sector to continually do more for less, with direct consequences for employees:

"Contract commissioning … unrealistic expectations for the funding … 'high % scoring on costs'… overemphasis on cost vs quality. The impact is job uncertainty, poor working conditions, poor salaries & general undervaluing of the third sector and the work we do. Service user views are not taken into account, there's no consultation or co-production etc."

This likely underpins the sense of unfairness felt by third sector employees in relation to pay, condition, pensions and wider security in employment.

The cost of living is clearly affecting employees at all levels within the sector. Both employees and managers report that they have sought different ways to increase income e.g., applying for benefits, seeking additional work, restructuring debt.

Such pressures and continued insecurity will make it harder and harder to recruit for, and maintain, a whole range of crucial local third sector services[iv]. In turn, we know this means increased demand on already strained public services. More importantly, we'll see life getting worse for communities already affected by existing public health and economic challenges.[v]

There is wider evidence of recruitment issues within the third sector already, including loss of staff to better paid public sector positions.[vi]

"… although our wage rates are pretty good for the voluntary sector, the work we do is complex and skilled so we often lose staff to similar but better paid jobs in the public sector. This is not ideal for us or for those staff, but funding constraints and wage trends in the (third) sector make it unsustainable to pay that kind of salary."

3.2 Fulfillment

This research has indicated the existence of both skills gaps, and significant (30% of respondents) under-utilisation of existing skills in the third sector.

Whilst respondents were strongly motivated by their work, employees were less likely than CEOs and senior managers to find their work mentally challenging. Linked to the prevalence of high qualification levels within the third sector, there may be an issue of staff being under-employed or having skill levels beyond those required for their current roles.

That said, the majority reported that they were clear on what was expected of them in their work, and that they felt well supported by line managers.

The ongoing challenges linked to funding directly and indirectly affect the ways in which staff feel fulfilled and valued at work e.g., inability of managers to take forward new ideas or projects developed by staff. The same can be said for staff development, although there were examples of good practice where learning and training are central to how an organisation operates:

"We are values based but constrained by funding with the required funding outcomes being prioritised. Within this we offer opportunity for staff teams to develop and enhance their skills. We offer structures that offer internal promotion opportunities."

"There are development opportunities in terms of available training and staff have an allocated 'pot' of funds available for any training identified by employee and/or manager."

The research points out the very challenging nature of work within the third sector, where staff can be supporting communities and families in hard and sometimes traumatic situations. Staff development therefore becomes more important for fulfilment and wellbeing. Yet, time and

time again, financial constraints can act to limit access to training unless its free or low cost. The rural location of some respondents was a factor in access to training and development. One respondent noted a reduction in people attending cross sector training and learning since the arrival of COVID because:

> *"…their day-to-day role is too great to allow for the 'luxury' of learning."*

Wider organisational pressures have their own impact on staff development:

> *"Capacity pressures of immediate work make it harder for people to feel they can take up opportunities for learning."*

Fulfilment for staff at all levels in the third sector is hampered by continually having to look for funding, increasing work-load and staff who are doing more intensive, stressful work. Managers and CEOs are filling in when there are insufficient staff members to deliver services.

As demand increases, the pressures on staff in the third sector can only ramp up further. It becomes harder to ensure the wellbeing of staff in this context.

There a sense in this research of continual firefighting, leaving employees, managers and CEOs with no space to take stock and plan effectively. It is clear from this research and other sources that this situation cannot continue.

Some respondents reported on the issue of goodwill and motivation within the sector and that this is taken for granted – both by public bodies and funders and sometimes by third sector organisations themselves:

> *"…workers are worried about contracts ending, services closing or managing on a low income… there's far too much reliance on good will, voluntary aspect and 'greater good' motivation of third sector employees. At times it verges on exploitation."*

There were clear messages on fulfillment and staff development for the third sector in this research:

- The role of managers and trustees, the culture they set and how much they value CPD and staff support;
- The cost of accessing specialist organizational support is highlighted e.g., HR/employment advice;
- Poor staff management, and inflexibility in working practices;
- The issue of 'distance' between trustees and staff, and their understanding of organizational pressures.

For example:

> *"…significant disconnect between the Trustees and the staff they employ … well-meaning people but most have very little knowledge of what goes on, who people are, and what issues and opportunities there may be…"*

3.3 Respect

This research highlights a number of factors linked to respect in the workplace, including health and safety, wellbeing, work/life balance, and equality for those with protected characteristics.

An issue which was repeatedly raised was the sense of (and actual) inequality between the public and third sector. Respondents and stakeholders consistently expressed concern – and obvious frustration - that the role of the third sector is still not respected or valued.

This research starkly illustrates the ways in which the sector can be viewed, treated and funded by public bodies. Funding decisions feed into the sense of unfairness and appear to exacerbate inequality in value, pay and security for the sector:

> *"Short term funding; uncertainty over funding; under funding; poor links between National Governments (both UK and Scotland) and COSLA/ Local Authorities. General lack of appreciation of the roles of the third sector."*

> *"Local authority wants us to pay the living wage but do not increase their funding to us to cover this."*

The Scottish Government Public Procurement strategy[vii] calls for changes in how procurement exercises are conducted and contracts are developed *"to reduce barriers and enable participation for SMEs, Third Sector organisations, and Supported Business, in Public Sector Procurement."*

This and the recently published Fair Work First guidance[viii] send important messages about the role of public finance and government policy in creating the right environment for fair work practice to thrive. However, when third sector organisations hand contracts back to public bodies because the funds linked are so insufficient[ix], action is clearly and urgently needed. Continued funding insecurity indicates – intentionally or not – a lack of value which in turn affects wellbeing and retention in the third sector.

Portrayal of some third sector workers externally e.g., in the media, can have a negative impact on staff – consider coverage of issues within social care. The same applies to political discourse. Debates about public sector pressures almost always ignore the increasingly critical role of charities, voluntary organisations and social enterprises in day-to-day life and community wellbeing. Nor do these debates acknowledge what would happen if these third sector services could no longer operate or had to reduce or close services.

Positively though, some 91% or respondents reported that their line managers respected their ability to carry out their day-to-day jobs. Even in these difficult times, the focus on respect underpins how the sector operates, and how it interacts with communities and families, and with its employees.

This research also offers up simple ideas which could help tackle respect and value for third sector employees. One respondent commented:

> *"… local authority, NHS, Fire and Police all having discounts and the voluntary sector not having this. Is there not an overarching organisation that can provide a card to those working in the sector to prove it and to be able to access these discounts? (I)t makes the sector feel undervalued."*

There is an apparent contradiction in the feedback from respondents. Whilst a significant number reported positively on work-life balance, we also see the frequency of unpaid overtime being carried out. As pressures and demand increase, the research highlights concern for staff wellbeing:

> *"Ensuring staff are not overworked with clients and other responsibilities. Our waiting lists are increasing so it is difficult to ensure staff are protecting their own wellbeing and workload."*

The sector has a strong focus on work-life balance although for some, there may be an issue with the adoption of working practices that can support employees who have family caring responsibilities. One respondent commented:

> *"Members of the leadership team do not (or never have had) caring responsibilities … bias such as scheduling important meetings during school holidays ..."*

Equality, Discrimination and Protected Groups

As part of the 'respect' theme, the research considered the experience of groups with protected characteristics. That the numbers taking part did not reflect the full diversity of society indicates that the sector has more to do on equality.

Whilst the sector strives to be an exemplary, inclusive and supportive employer, the feedback from groups with protected characteristics indicate issues worthy of further exploration. The concerns raised were linked to pay and fairness of pay; financial security; having access to trades unions; receiving training/accessible training and management of sick leave.

Women, disabled people and people from ethnic minority communities were more likely to express negative feelings and responses within this research, likely reflecting the challenges and barriers that these groups face within the labour market and in wider society. Women in particular reported less favourably on fairness of pay and the support they received from line managers:

> *"…[I] move sideways each time and end up in my 50s with no sense of having had a career, just jobs. This is compounded by complete gender discrimination, very subtle, around all aspects of being a parent, just the tiny things that make it hard to progress."*

This is concerning given the existing pay disparities for women.[x]

Disabled people in the research reported the highest levels of financial insecurity and were more pessimistic about losing their jobs/finding another job. They were also more likely to report negatively on work-life balance and on issues linked to bullying and harassment.

A minority of respondents reported incidents linked to discriminatory or unfair treatment – these were linked in the main to age, ill health and disability. Employees were more likely than other levels of staff to feel there was an issue linked to this kind of treatment.

3.4 Opportunity

The idea of opportunity in work is complex and linked to pay, conditions, career development, the chance to train and many other factors. The research again highlights the disparity between third and public sector employees.

The limitations and insecurity of funding affect the ability of the sector to pay staff well, and the lack of parity between the two sectors is described clearly:

"We are not funded in the same way HSCPs are, so staff get paid less to do the same job."

"Competitive funding and priority always given to statutory services. Third sector is always an afterthought. There is no joint working across sectors."

The third sector has strived hard to put in place decent work conditions, to offer flexibility and work-life balance, family leave and other non-cash benefits to make up for pay. However, respondents suggested this may no longer be enough to encourage people to stay in the sector:

"…with a pay increase that is a pay cut in real terms, we are all now currently subsidising the charity out of our own pockets… until this year, my view was that the flexibility we offer staff, good holiday allowance, offering paid leave for family crisis of any kind, and a positive, supportive work environment helped compensate, but this equation no longer balances."

Career progression is hampered, often despite the best efforts of organisations. More respondents disagreed than agreed that progression was possible in their current jobs. Employees and senior managers were more likely than other groups to feel this way.

Smaller, flatter structures and the 'leanness' of some organisations can mean few promotion opportunities. The wider insecurity reported by managers in this research could be a reflection of this. Gender, age and ethnicity were important factors linked to respondent negativity on security, progression, pay and support in work.

Smaller organisations face a double hit here - less routes for progression mean they pay for staff training, then lose those employees to larger charities, voluntary organisations or social enterprises.

More broadly, one fifth of respondents reported that they are likely to leave their current jobs and another fifth were actively seeking new jobs. Those actively looking felt that it was very likely they could lose their jobs in the coming months.

Staff retention is a significant issue for the sector:

"… people come to get experience and then move onwards to other places that pay better…"

Inequalities in pay and conditions between the third and public sectors was a consistent theme:

"Compare this to NHS and Local Authority staff who provide the same – they receive £5 - £8,000 more. Fair work? This is not fair. "

GCVS consistently hears this in our work, particularly in health and care. The recent round of pay awards for public bodies has cut deep for many in the sector who feel unseen and undervalued.

3.5 Voice

This part of the research considered employee voice, as this impacts on pay, conditions and wider wellbeing.

Unionisation is not uniform across the third sector and this is reflected in the survey; interestingly, graduates are more likely to be affected by agreements between their employers and unions. 40% responding were not covered by such agreements.

The sector does offer other routes for employee feedback, with almost two thirds saying that their organisations were good/very good at involving employee representatives in decision making:

"… staff… receive one-to-one support and supervision every 6-8 weeks where their views are heard and this is fed back into strategic and operational planning. We also have fortnightly staff team meetings."

The view on unionised work places was opaque, but having union representation appears to increase awareness of important policies and procedures which allow staff to voice ideas or concerns e.g., grievance. Some employers appear to offer hybrid approaches to supporting staff 'voice' e.g., employee representation and recognition for unions.

As outlined above, financial and operational pressures can make it more difficult to involve staff and ensure their voice is shaping the organisation and what it delivers. These pressures are likely to reduce the effectiveness of any avenues to improve employee voice:

"Pressure of work and the demands of funding agreements/ service contracts mean that consultation is sometimes only that – it is not possible for everyone's view to be the prevailing one. Often when a view is expressed but not actioned, the individual does not feel listened to regardless of structures in place."

"… for it to be effective, people need to buy-in to it and have the time and energy to ensure this communication is meaningful and results in change."

Smaller third sector organisations can help to facilitate staff voice, but their size can also make it difficult for staff to speak up e.g., protecting anonymity in surveys/consultation exercises.

Lastly, some of the feedback from research participants indicated issues linked to organisational management and the role of trustees – employees not having access to Board members was cited. The 'distance' between trustees/board members, executives and day to day operations was mentioned as in issue which could hamper employee voice.

4. Conclusion

"Fair Work is an investment in everyone for everyone. Fair Work can improve organisational reputation and recruitment, reduce staff turnover, and lead to diverse workplaces with a richness of talent and a diversity of ideas." Fair Work Action Plan, 2021

This important research demonstrates that the third sector is progressing well with the Fair Work agenda. Previous work e.g., the Social Enterprise census, also demonstrates that the third sector can be at the vanguard of creating a Fair Work nation.[xi] Even where reduced funding and service pressures exist, organisations are creative in finding practical ways to reward and value staff. They operate within a culture of respect and fairness that values employees even where that cannot always be shown financially.

Staff at all levels are hugely committed to the people they support, to the communities they serve – but that commitment can be taken for granted by government, public bodies – and even by the sector itself. Staff retention is clearly now a significant issue for many third sector organisations:

"People within the third sector are used to the instability that comes from short-term funding. However, this does mean that we lose good people from the sector because they can find more job security elsewhere. We also have a pay problem in the sector. we do the work we do because we believe it and want to make a difference in the lives of others, but the level of commitment, passion, knowledge and skills shown by the workforce isn't reflected in the salaries. This is not specific to a certain employer – it's a problem across the sector."

The sector must also examine the issues raised in this research on diversity and the poorer experiences of minoritized groups. There are also clear messages on leadership within the sector.

Where there is existing good practice, we much look to share this more broadly. The **'Action and Learning**' document attached to this research summary provides specific recommendations for the sector, and for our stakeholders and funders.

The barriers to Fair Work faced by charities, social enterprises and voluntary organisations require action on multiple levels – these all stem from the fact that the third sector still struggles for recognition, equality and sufficient funding, in comparison with public services. Public financing must better recognize the significant and often life changing role of the sector – from the earliest stages of budget planning, not at the end.

As we increasingly deal with failure demand, with the upturning of lives and communities, our sector is stretched. It's exhausted and it simply cannot continue to deliver more, for less money. Moreover, the level of anger expressed by third sector employees who may not have had a pay increase for many years is now very palpable.

Whilst we welcome acknowledgement of the sector in the new set of priorities announced by the First Minister, the lack of detail, the lack of sector involvement in discussions about public finances and policy is disappointing. The announcement of a new partnership linked to the National Care Service is a very recent example of this.[xii]

When cross boundary and sector working is needed more than ever, the third sector – the communities we serve – are still not ‘at the table’.

Fair work is part of a wider strategic and policy response to poverty, to keeping communities together and to ensuring equality and fairness in Scotland. There simply cannot be a ‘them and us’ situation in this context, as we face down serious, multiple crises not seen for generations.

We are all in this journey together – or we’re not. What happens next will determine the survival of many vital community services.

And yet, despite all of this, our sector remains committed to creating a Fair Work nation and a kinder, fairer Scotland. It needs to be recognised and supported to do this.

GCVS, July 2023

Appendix

1. Research background/method

Four stages:

i. Evidence review
ii. Stakeholder interviews
iii. Workforce Survey
iv. Stakeholder roundtable

2. Respondents and Stakeholders

- 641 useable responses in survey; 10 senior stakeholder interviews
- Employees (51%), managers (24%), senior managers (13%), CEOs or founders (12%).
- Of the organisations responding:
  16.8% - Children and families organisations
  16.8% - Health and care related
  Majority responding fell into 'other' and included TSIs, social enterprise, employability, refugee and community development organisations.
- 57% of respondents worked for smaller organisations < 25 employees

3. Demographics of respondents

- 79% were female
- 27% reported a disability (5% limited a lot)
- 94% were white
- One third of employee respondents lived in single person households
- Most employees were younger, managers mainly in their 40s/50s and CEOs/founders more likely to be older again.

4. Employment status and security:

- 49% had worked for their current third sector employer for more than 10 years.
- 73% in open ended contracts
- 27% on non-permanent contracts – much higher than for the UK and Scottish economy as a whole (6% and 5% respectively). Some on repeated, non-permanent contracts.

5. Pay and conditions

- (79.3%) believe that their employer prioritises providing a predictable income
- However fewer than half feel they are fairly paid and only 40% report that they have fair pay as compared to others in similar jobs.
- Many, including CEOs and founders, did not feel that they would be financially secure if they experienced long term sickness.
- Those coming from single person households did not feel financially secure without the "cushioning" effect of another income.

6. Working arrangements

- Just under half (46%) worked mostly on site
- 24% of respondents worked mostly from home
- 30% working either hybrid or in no fixed location.
- Two thirds of employees have choice over their work schedules (within defined limits).
- Little evidence was demonstrated that third sector employers reduce working hours at short notice. However, 17% were sometimes or frequently asked to do additional hours at short notice.

[i] The third sector – definition: “The third sector includes charities, community groups, development trusts, social enterprises and the volunteering sector.” TSI Scotland website.
[ii] The Essential Guide to Poverty in the UK, 2023 (Financial Capability Strategy for the UK).
[iii] Projecting employment by ethnic group to 2022 | JRF and above
[iv] Third Sector Tracker W5 (storage.googleapis.com) SCVO
[v] Further evidence of detrimental changes to population health | Glasgow Centre for Population Health (gcph.co.uk)
[vi] As above
[vii] Public procurement strategy: 2023 to 2028 - gov.scot (www.gov.scot)
[viii] Fair Work First guidance - gov.scot (www.gov.scot)
[ix] CCPS_Collaborative_Commissioning-Background_to_Principles.pdf (ccpscotland.org)
[x] Welcome to the Scottish Third Sector Women’s Network | by Scottish Third Sector Women’s Network | Medium
[xi] Joint document – Ensuring Fair Work for All, GCVS and SENScot
[xii] Partnership on National Care Service - gov.scot (www.gov.scot)