

## Fairer Funding Pilot Feedback Survey: Research Findings

### Context and Background

The Scottish Government launched the Fairer Funding policy<sup>1</sup> in recognition that the third sector needs clarity and stability to secure its resilience and to grow its capacity. [Fairer Funding](#) is about improving the way Scottish Government provides funding to the third sector. Fairer Funding includes:

- improvements to our grant-making arrangements to provide greater clarity and consistency of practice
- increasing the number of multi-year agreements to provide stability
- proportionate reporting and monitoring
- ensuring prompt notification of funding and
- reviewing grant conditions

As part of the [Programme for Government 2025-26](#), Scottish Government launched a Fairer Funding Pilot that provides multi-year funding to third sector organisations, prioritising those that deliver frontline services and tackle child poverty. The Pilot commenced in April 2025 and consists of 51 separate grants, totalling over £130m over 2025-26 and 2026-27. This supports projects in areas including health, education, justice, poverty and culture.

Some of these grants provide funding to multiple third sector organisations, such as:

- Children's Advocacy in Children's Hearings (11 third sector delivery organisations)
- The Communities Mental Health and Wellbeing Fund for Adults (comprising 32 local authority third sector interfaces, which in turn disburse grant funding to third sector organisations within each local authority area)
- The Access to Childcare Fund (5 local childcare-related third sector organisations)

In announcing the Pilot in February 2025, the Cabinet Secretary for Social Justice said that it was the first step towards mainstreaming multi-year funding agreements across the third sector, and balancing our ambitions against the challenging

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<sup>1</sup> [Fairer funding - Third sector - gov.scot](#)

financial situation.<sup>2</sup> This short piece of research aimed to gather some initial feedback from organisations participating in the Pilot.

## Methodology

Third sector organisations participating in the Fairer Funding Pilot were invited to take part in a short online survey. Alongside questions to understand the profile of those responding to the survey, it consisted of 5 closed questions and 1 open-ended question. The survey asked about changes to staffing, their organisations' stability, planning and ability to attract other sources of funding.

The survey was hosted on Microsoft Forms and the link was sent by email on 29<sup>th</sup> September 2025. It closed on the 13<sup>th</sup> October 2025. Participation in the survey was voluntary. A total of 64 responses were received, representing a response rate of 54%. Table 1 provides an overview of organisations that responded to the survey.

**Table 1: Overview of respondents to the Fairer Funding Pilot Feedback Survey**

| <b>Type of organisation</b>                      |    |
|--|----|
| Provides services directly to individuals/groups | 47 |
| Administers grant funding to other organisations | 14 |
| Both   | 3  |
| <b>Total funding received through the Pilot</b>  |    |
| Less than £149,000                               | 14 |
| Between £150,000 and £499,999                    | 28 |
| Between £500,000 and £999,999                    | 10 |
| Between £1,000,000 and £9,999,999                | 8  |
| More than £10,000,000                            | 1  |
| Unknown  | 3  |

Whilst the survey was anonymous, a privacy notice was provided on the basis that personal or identifiable data may be disclosed. Individual-level data has been restricted to Scottish Government analysts working on this report. Quotes used in this report have been anonymised, with any potentially identifiable information removed.

The information provided in this report is based on respondents' self-reported views about the difference that participating the pilot has made to either their organisation

<sup>2</sup> [Fairer funding for charities - gov.scot](https://www.gov.scot/Topics/consultations/fairer-funding-for-charities)

or the organisations they administer funding to. Responses have not been validated with other information (e.g. staffing or funding data). In addition, as noted below when discussing responses, some recipients reported that it was too early in the Pilot to understand the difference it had made. The timing of the fieldwork should therefore be taken into consideration when reviewing the results. Finally, the survey was voluntary and not all organisations invited chose to take part therefore the findings reported here reflect the views and experiences of those who chose to respond.

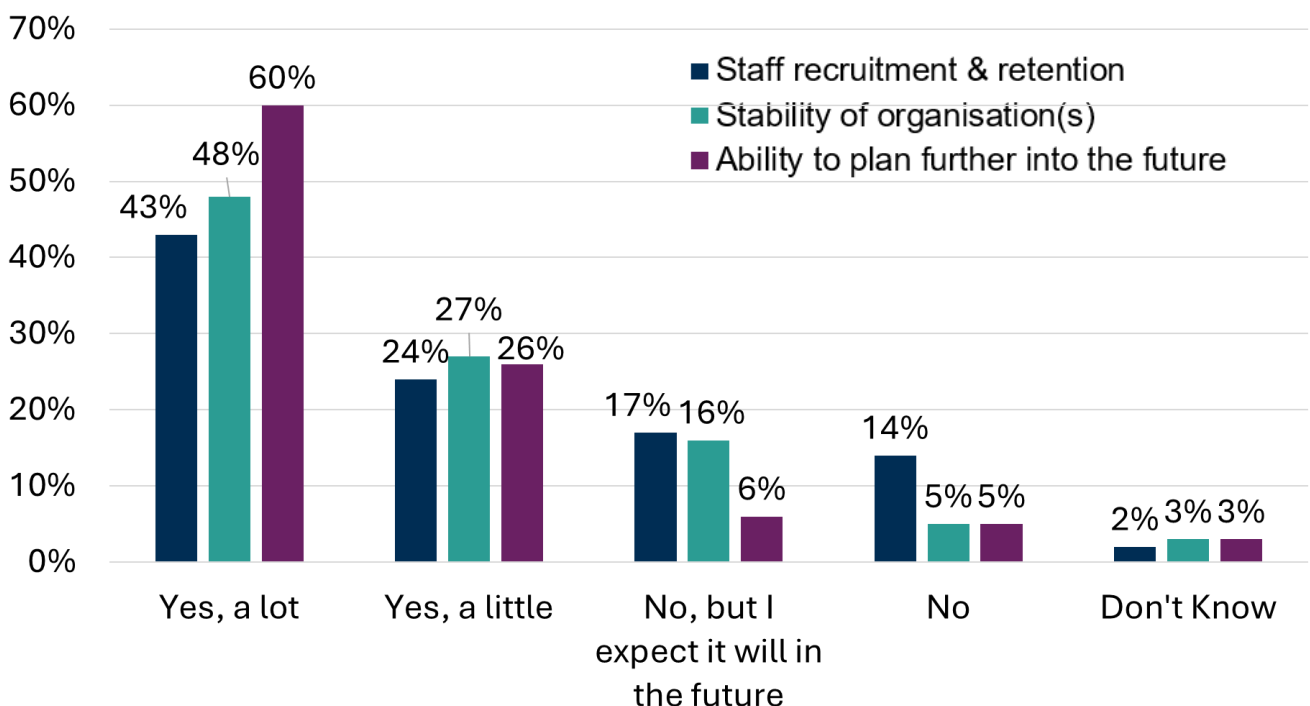
Base sizes reported in tables and graphs refer to the number of respondents to a specific question. Percentages reported have been rounded to the nearest whole number.

## Results

The survey asked whether the Pilot had made a positive difference to following areas: staff recruitment and retention; stability of the organisation; and ability to plan further into the future. Across these areas, respondents were most likely to report that the Pilot had made a positive difference to their ability to plan further into the future (86% reported 'yes, a lot' or 'yes, a little'). The majority of respondents also reported that the Pilot had made a positive difference to the stability of the organisation (75% reported 'yes, a lot' or 'yes, a little') and staff recruitment and retention (67% reported 'yes, a lot' or 'yes, a little').

**Figure 1: The majority of respondents reported that the Pilot had made a positive difference to staffing, stability and future planning (Base: 62-63)**

Percentage of respondents reporting whether the Pilot had made a positive difference to three aspects



On the area of staffing specifically, the survey asked respondents what measures their organisation or organisations they administer funding to had taken as a result of participation in the Pilot. Table 2 shows that over a third reported ‘increasing length of fixed term contracts and/or introducing more permanent contracts’ and hiring one or more new paid members of staff (39% and 36% respectively). Just over a fifth (22%) reported increasing staff salaries.

**Table 2: Percentage of respondents reporting measures taken as a result of the Pilot**

| Measures taken as a result of participation in Pilot                                     | Percentage (Base: 64) |
|--|-----------------------|
| Increased length of fixed term contracts and/or introduced (more) permanent contracts    | 39%                   |
| Hired one or more new paid members of staff  | 36%                   |
| Increased staff salaries (excluding promotions)  | 22%                   |
| Increased staff benefits (e.g. pension benefits, annual leave, flexible working options) | 13%                   |
| Promoted one or more members of staff  | 9%                    |
| Don't Know   | 5%                    |

Just over a quarter of respondents (27%) selected ‘Other’ for the question around measures taken. Some used this to elaborate on the choices they had already selected. Others mentioned additional measures taken around staffing which included retention of current staff or the continuation of posts.

“Project is not sustainable without the funding, therefore two WTE [Whole Time Equivalent] staff are retained where they would otherwise be made redundant”

Respondents also raised some limitations. Firstly, some respondents reported that it was too early in the process to fully assess the impacts. Secondly, issues were raised around the grant funding. Some noted that it was a relatively small contribution to total funding required. Others described challenges in terms of how the grant from the Pilot interacted with other aspects of funding received from Scottish Government that was not guaranteed for 2 years. A final group of respondents raised challenges in terms of the value of the grant.

“This funding, despite it being two years, was still the same award we have received for the past several years so only sufficient to allow us/funded orgs to standstill at best, but has offered some stability for staff”

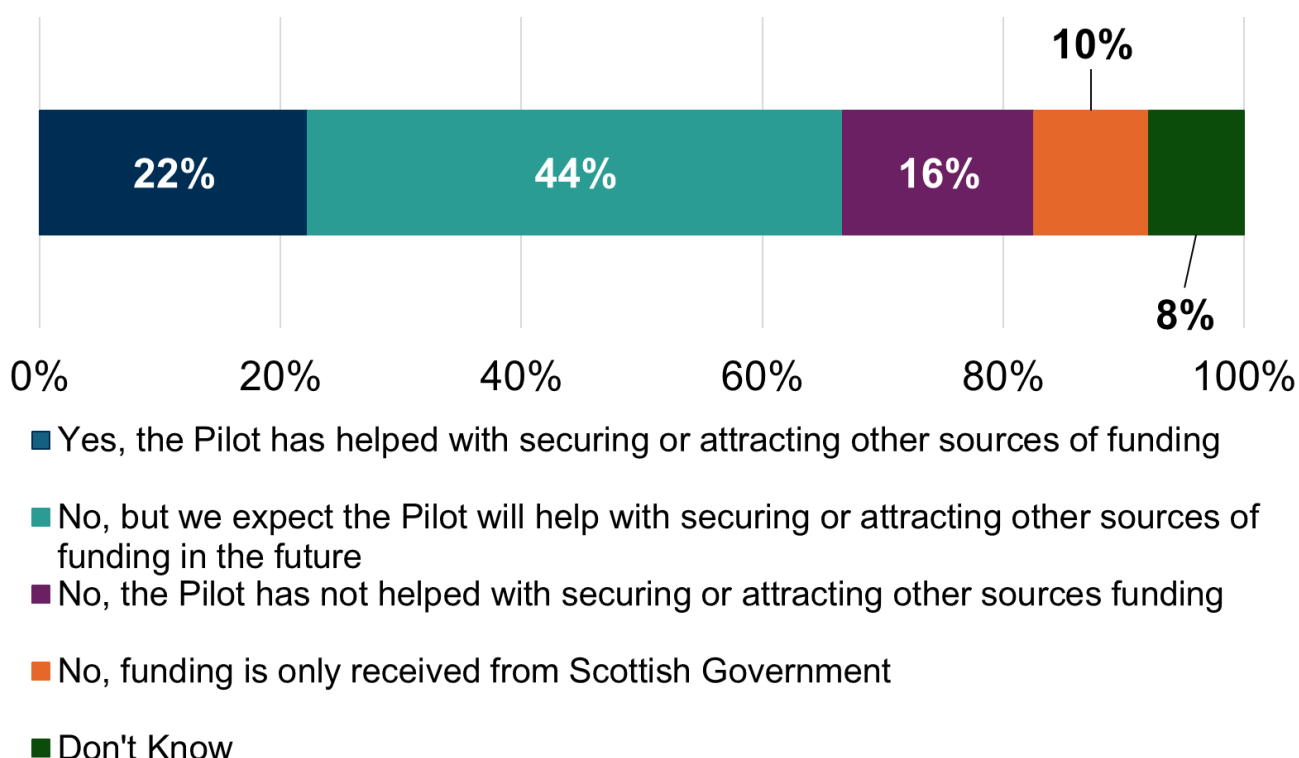
Respondents also used the ‘Other’ free text option to provide information about the non-staffing related impacts of the Pilot (covering, for example, stability, service

provision). These were also raised in answers to the open-ended question at the end of the survey and are therefore discussed later in this report.

Survey respondents were also asked whether the Pilot had helped with securing or attracting other sources of funding. Slightly over a fifth (22%) of respondents reported that the Pilot had helped with securing or attracting other sources of funding. A further 44% said it had not but expected it to help in the future and 16% reported it had not helped.

**Figure 2: Two thirds of respondents reported the Pilot had helped or is expected to help with attracting other sources of funding (Base: 63)**

Percentage of respondents reporting if the Pilot had helped with attracting other sources of funding



At the end of the survey, respondents were given the opportunity to provide any additional comments about the difference the Pilot has had on their organisation or organisations they administer funding to. A total of 49 respondents chose to answer this question. The themes that emerged are discussed below first in terms of the positive consequences of the Pilot followed by challenges reported by those responding to this question.

## Positive consequences of the Pilot

### Stability and Security

One of the most commonly mentioned themes was around the stability and security that the Pilot afforded organisations. Increased financial security was frequently discussed and one respondent felt this had led to increased confidence from

auditors. Often the security of the funding for 2 years then resulted in other aspects discussed below – for example, in relation to staffing, collaborations or funding and service provision. Alongside this, some respondents referred to the ability to engage in more long-term strategic planning. These respondents linked their ability to do this to their increased stability and/or the increased time available due to not having to submit another funding application,.

“Having a two-year settlement has offered a degree of stability beyond what a single-year extension would have provided. This has reduced uncertainty, supported staff retention, enabled more strategic planning, and allowed us to give other funders confidence around match funding.”

“It’s fantastic to have multi-year funding which gives us a bit more stability and more time to spend on planning and delivering rather than re-applications.”

### **Staffing – recruitment, retention and moral**

Another commonly mentioned theme was around the ability to both attract and retain staff. In some instances, respondents noted that the service was reliant on specialist professionals who were more difficult to attract with one year of funding. The importance of being able to retain staff with the relevant skills and experience was commonly discussed. Some noted that staff’s experience was “invaluable” and hard to replace. Similarly, some respondents discussed an increase in staff motivation and morale due the increased job security. Both staff retention and improved staff morale were reported to have had an impact on relationships – with both service users and other stakeholders.

“It’s also strengthened staff retention and morale. With job security, teams are more motivated, and services like ours are built on trust and relationships can be more consistent and impactful.”

### **Consistency of service provision**

As a result of the increased stability and retention of staff, some respondents felt that they had been able to build more trust with the service users they support (e.g. families) and offer a more consistent service. One respondent also noted that the Pilot had improved the alignment between the needs of those they support and the service they provide. Others noted the importance of “trusted relationships” for their service.

“Keeping the same team and continuing the same work helped us maintain trust and provide stability when many feel vulnerable.”

### **Attracting new investments**

Some respondents noted that the Pilot had resulted in improved confidence from other funders which had led, or was anticipated to lead, to new investments and collaborations. Some also noted that the increased time had allowed them to focus

on other funding avenues and “provided leverage to progress funding diversification”.

“It reassures other potential funders of our programme’s sustainability, allowing us to seek additional support with more confidence.”

### **Increased time for other activities**

In the absence of submitting a funding application to Scottish Government or associated tasks (e.g. contingency planning), some respondents reported being able to prioritise a range of other activities including service delivery, long-term planning and evidence gathering.

“From a management perspective, it has also opened up my time significantly to focus on service delivery rather than being tied to budget and funding planning so closely for so much of the year.”

## **Challenges**

### **Too early**

Some respondents explained that they felt unable to answer the questions in the survey because it was too early in the process. For those responsible for administering funding, they noted that they had not yet started or were very early on in distributing the funding to organisations.

“It is too early to assess the Fair Funding Pilot, but it is expected that the multi-year funding will have a positive outcome moving forward. In terms of attracting more funds, again, this is complicated and too soon to assess.”

### **Static funding / Inflation adjustments**

A key limitation noted by some respondents was the static funding received over both the course of the Pilot and historically. Some reported experiencing financial pressures from inflation and other rising costs that were not addressed/accounted for in the grant funding provided. In addition, whilst the Pilot was reported to have a positive impact on staff retention, one respondent felt this was still a challenge due to an inability to match salaries with those in the public sector. One respondent indicated that this overall limitation may impact on the realisation of the positive effects of the Pilot.

“However, the static funding amount is in real terms a reduction in funding with inflation and increase in NI costs. The benefits of the fairer funding are perhaps cancelled out as we will need to spend time finding other funding to meet this gap.”

### **Not a guarantee**

Some respondents were concerned that there was still a risk that the funding for Year 2 was only an “indicative funding confirmation” and therefore not a guarantee.

“That said, the Pilot comes with a strong caveat re year 2 being dependent on Budget ie it has been made clear it is not guaranteed, within current fiscal landscape that still feels relatively risky in terms of level of confidence in the increased length of funding commitment being delivered.”

## **Other challenges and limitations**

Other challenges that were raised included:

- **Delayed notification:** Some respondents explained the negative impacts of late notification of funding resulting in delayed start times and issues relating to staff retention.
- **Funding beyond 2 years:** Whilst the 2 years of funding was welcomed, some respondents noted that in order for the full benefits to be realised, longer funding cycles are required.
- **Interactions with other funding:** Some respondents highlighted that other funding received from Scottish Government or other organisations that is restricted to 1 year will limit the impact of Pilot, particularly in relation to improving the stability of the organisation.
- **Concern over continuation of multi-year funding:** Some respondents expressed hope that multi-year funding would continue; however, some also indicated that they were concerned about what would happen after Year 2 and whether multi-year funding would continue.

## How to access background or source data

The following statement(s) indicate the availability of the data which underlie the results of this publication (tick all that apply):

- Anonymised microdata (individual-level) are stored externally at <insert link to external archive website and give reference number for dataset> and availability is subject to their access procedures.
- Anonymised microdata (individual-level) are openly available from the Scottish Government website at <insert link to SG website and give reference number for dataset>.
- Aggregate data are openly available from the Scottish Government website at <insert link to SG website and give reference number for dataset>.
- Aggregate data are provided within this publication or its annexes.
- Data are held by Scottish Government and may be made available on request, subject to consideration of legal and ethical factors. Please contact <[socialresearch@gov.scot](mailto:socialresearch@gov.scot)> for further information.
- Data are held by <state details of external data controller> and may be made available by them on request, subject to consideration of legal and ethical factors. Please see <insert controller website> for further information.
- Data cannot be made available due to legal, ethical or security considerations.
- Not applicable: This publication does not present any findings directly based on data.



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