



# The future of charity funding: lessons learned from The Gathering

In February, GrantFinder attended the SCVO Gathering 2025.

The UK's largest third sector event, The Gathering featured a range of discussions on issues pertinent to the third sector in Scotland and beyond, including the Scottish Government's relationship with the voluntary sector, public finances, and the current funding landscape.

## Navigating a shifting funding landscape

### Key challenges for the sector

Among the most urgent concerns discussed were:

- The need for fair and sustainable funding.
- The impact of the coming increase in employer National Insurance contributions.
- The decline in volunteer numbers.

### Multi-year and unrestricted funding

The sector continues to call for more multi-year and unrestricted funding, particularly in light of rising costs and inflation. The Scottish Government has acknowledged the instability caused by single-year funding settlements. First Minister John Swinney affirmed his commitment to longer-term solutions.

The Scottish Government has now announced a pilot of £60 million will be made available **in multi-year funding for 45 organisations in 2025/26 and 2027/28**. The funding represents an investment in health, education, poverty and culture with a key focus on the Scottish Government's policy priority of eradicating child poverty. While this has been acknowledged as an initial step, the sector has stressed that further commitments are needed as contained in SCVO's Fair Funding Principles. The First Minister highlighted that the upcoming UK Government three-year spending review, due to conclude in June 2025, could bring further financial clarity and allow for longer-term commitment.



Shirley-Anne Somerville, Secretary for Social Justice who attended The Gathering, commented:

***“The pilot is the first step in mainstreaming multi-year funding agreements more widely across the third sector. It will give organisations the ability to plan for the future and make the most of their resources. The pilot’s focus on grants connected to tackling child poverty and the delivery of frontline services to our communities will maximise the impact of longer-term funding and support the delivery of our number one priority, eradicating child poverty.”***

## How charitable funders are responding

Leading funders including The National Lottery Community Fund (NLCF), KPE4 Charitable Trust, Social Investment Scotland, and Foundation Scotland shared their insights. The session demonstrated that the demand for funding is outstripping available resources, making the environment increasingly competitive. NLCF has seen a 42% rise in applications, while BBC Children in Need received requests seven times over its budget. Although dealing with a higher volume of applications funders were keen to emphasise that they have also seen an increase in the quality of applications they now receive.

To cope with rising demand, many funders have adapted their strategies and funding models. Examples include the Robertson Trust’s efforts to refine the focus of their funds and the National Lottery Community Fund for Scotland’s new programmes, Community Action and Fairer Life Chances, launched in November 2024. Changes to strategy, however, often mean a pause in applications and impose a burden on organisations to stay informed on what funding is currently available. The ever-changing funding landscape has contributed to uncertainty for organisations as programmes are constantly evolving to better deal with resource constraints and meet the needs of the sector.

The funders in attendance emphasised their desire for organisations to engage with them and build strong relationships, in addition to the need for good governance, embeddedness within local communities and a clear idea of organisational mission.



## Employer National Insurance

Another topic raised throughout the keynote sessions was the impact of the impending increase in employer National Insurance contributions announced in the Treasury's Autumn 2024 Budget. Speaking at the event, former Prime Minister Gordon Brown acknowledged sector-wide concerns but emphasised that the change was inevitable. He suggested reforms to Gift Aid and increased pressure on greater private sector contributions as potential solutions to offset the financial burden on charitable organisations.

## Declining volunteer numbers

**SCVO's latest Third Sector Tracker** report found that a shortage of volunteers is among the top three concerns for third sector organisations in Scotland. The sector continues to feel the impact of the aftermath of the pandemic coupled with the cost-of-living crisis which has affected which has affected both the ability and willingness of people to volunteer. **Volunteer Scotland** has pointed to this issue as deeply concerning highlighting that the **2023 Scottish Household Survey** showed levels that were 8% lower than pre-pandemic levels.

This issue is not unique to Scotland. The **UK Government's Community Life Survey 2023/24** reported declining volunteer numbers in England. Delegates at The Gathering urged the First Minister to prioritise this issue, emphasising the critical importance of volunteers to the sector.

## Collaboration: the key to tackling complex issues

A recurring theme throughout the event was that the biggest challenges facing the sector such as poverty, the climate crisis and health and social care require multi-agency approaches. No single organisation can solve these issues alone. The event highlighted the far-reaching impact of community-driven projects, such as the role of Strathaven Climate Hub in impactful local climate action.

A session led by the University of Glasgow's Centre for Public Policy demonstrated the role of public finances and preventative spending in creating sustainable solutions. Experts stressed that the most effective solutions will come from fair collaboration between local authorities, central government, and voluntary sector organisations.



## Final thoughts:

The Gathering 2025 highlighted both the challenges facing the sector and a strong willingness to work to address them. The continued push for multi-year funding and collaborative working to address key policy priorities highlights the commitment to addressing complex issues and continuing to innovate to face systemic issues within the challenging socio-economic environment it has faced in recent years. Despite the scale of work ahead, the event was an encouraging demonstration of the continued adaptability and optimism of the sector.

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