



Helmsdale by David Mason, www.flickr.com

Introduction

This pilot study focused on how third sector organisations in one fragile rural area in the Highlands were experiencing the impact of the recession. It aimed to develop a picture of how third sector organisations in the Highlands and Islands are contributing to their communities, what their experience of the recession is, and therefore to add to current understanding of how the recession is impacting on the population of the area. It focuses on an area designated as "fragile" by Highlands and Islands Enterprise (HIE), specifically Helmsdale in East Sutherland.

It was funded by HIE and conducted between November 2009 and January 2010. CRRS interviewed 16 third sector organisations, and other key local actors.

Third Sector - Recession and Resilience

Understanding the impact of the recession on the third sector in the Highlands and Islands Enterprise area: a pilot study.

**Philomena de Lima and
Tim Brauholtz-Speight**

Summary

CRRS interviewed 16 "third sector" organisations active in the Helmsdale area, to add to current understanding of how the recession is impacting on the area. Key findings include:

- *Helmsdale is served by a well-integrated network of third sector organisations, providing a wide range of valued services. However, there is not, at present, a community trust or company;*
- *Potential cuts in funding – both public and from private foundations – are the main medium term impacts of the recession that these organisations are likely to experience. Social enterprises reported mixed fortunes, depending on their position in the economy. On the other hand, local donations appeared generally stable;*
- *Some organisations saw cuts in staff and services as inevitable;*
- *However, others saw opportunities and were experiencing increased demand for services.*

Keywords:

Rural third sector, recession, East Sutherland, Helmsdale

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The third sector in Helmsdale and East Sutherland

Although Helmsdale retains a health centre, post office and primary school, the area has suffered steady decline over the last 20 years in economic terms. It is characterised by an ageing population, a falling school role and a decline in service provision.

It is served by a well-integrated network of relatively small third sector organisations, some locally based, others elsewhere in East Sutherland. They provide a wide range of services in the health, care, advice, social support, culture, recreation and community fields. From the perspective of the participants in the study, the sector was seen as making a significant difference to the population of the area in terms of income and employability, mental health and wellbeing, and quality of life. Third sector organisations complement, and in some cases directly supplement or replace, public sector services.

There is evidence that third sector organisations are increasingly collaborating, and complementing each other's work. However, many staff and volunteers cover a wide geographical area and services are reported as being

stretched – particularly in the 2009-2010 severe winter weather conditions which made transport difficult.

Most organisations had more volunteers than paid staff, and typically reported a steady core of volunteers, with some turnover. No particular difficulties in recruiting or retaining volunteers (or staff) recently were reported, although some very local organisations felt they were very reliant on a small pool of willing volunteers.

While the public and charitable sectors provide the bulk of the funding for the third sector in the area, five organisations reported that they generated a significant amount of income themselves, and two locally-based organisations functioned largely on local fundraising.

Joint working between organisations and sectors

There appears to be a growing culture of networking and mutual support among third sector organisations across Sutherland. This takes various forms:

- *Complementary working: organisations referring clients on to each other to assist with different types of needs simultaneously - for example, one organisation may offer childcare while*

another offers financial support for training; or, as needs change, to move from providing counselling to providing local social support, for instance.

- *Pooling resources e.g. sharing training opportunities with other organisations; asking each other for specialist advice; feeding into each others policy or work; or using services of the local CVS (VGES) for preparation of accounts.*
- *Staff integration, i.e. people working in more than one organisation, or a worker in one organisation volunteering at another.*

“We called a meeting and just five people turned up - but they represented sixteen organisations between them!”

Interview 8

It seems there are several drivers of this joint working. Possible factors that emerge from interviews are:

- *the process of drawing up the Highland Compact;*
- *proactive efforts by individuals in organisations who recognise the importance of collaborating;*

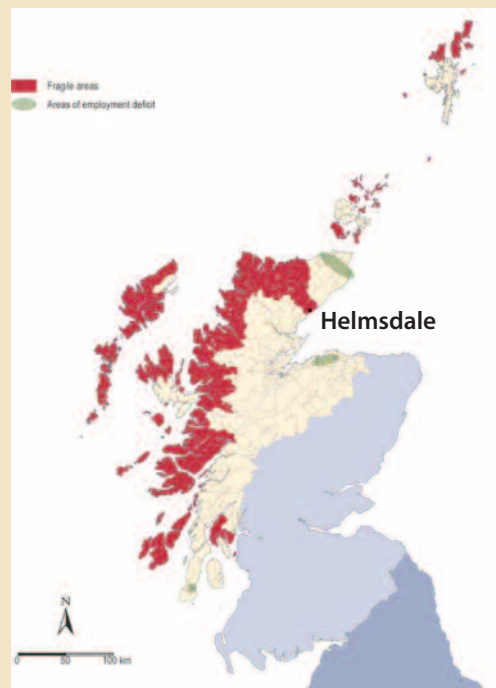
Helmsdale study area

UK census data zone SO1003968



Source: Scottish Neighbourhood Statistics www.sns.gov.uk
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HIE Fragile Areas



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- the presence of a proactive Council for Voluntary Service (CVS) in the form of Voluntary Groups - East Sutherland (VGES);
- a pool of individuals involved in several organisations and wearing several "hats" – staff integration is both a sign and driver of collaboration.

Many participants also noted good relationships with colleagues in the public and statutory sectors, including Highland Council (social work, schools, housing), HIE and NHS Highland. They talked of being able to discuss work and get advice from these organisations, referring clients to them and in turn receiving referrals.

"We work really well with social work, and the schools. It's the beauty of a small area – everybody knows you and if you know someone, you tap on that person and you're in... whereas a lot of similar projects in the central belt are struggling to get into schools"

Interview 5

The mixed impact of the recession

Lower levels of funding at regional and national levels appear to be the main impact of the recession on the third sector in the study area. There is a perception that public sector funding is already tightening. However, the main financial impacts are likely to be felt in the medium-term, as current funding agreements run out.

"It's getting harder and harder, because everyone's after the same money... I'd say the last six months it's got really tight"

Interview 5

While a few participants saw opportunities for increased contract work given the pressure on public budgets, cuts in public funding were generally anticipated to lead to a reduction in services. National organisations and charitable foundations were also reported to be reducing their funding already, or likely to reduce their funding in the next two or three years.

Some social enterprises, which charged for their services, were also reporting generally lower levels of business and declining income, while others accessing the tourism market reported good business. This suggests that caution should be exercised in the promotion of social enterprise as a general solution to third sector funding constraints: the "social economy" is part of the economy in general.

Looking at demand for services (rather than supply of funding), some advisory and support services reported a rise in demand that appeared to be linked to the recession. The recession is becoming particularly apparent to organisations working with the financial and economic/employment sectors. While this presents obstacles for some services, some also see opportunities for development and growth related to increased demand for their services

How organisations are responding to the challenges

A number of organisations are finding positive solutions to already existing challenges, as well as new ones emerging as a result of the recession. Some participants reported that they were considering applying more widely for funding and were actively looking at how different aspects of their work might make them eligible for funding they had not previously applied for. They were also trying to find ways of sharing resources, whilst maintaining some basic levels of service provision.

However, some reported that they were reducing service provision already. Others suggested that services might have to be cut in the future if funding is not maintained.

Possible implications of the recession for the area identified in this study include:

- Lower levels of social care and support services provision;
- Organisations and their staff experiencing stress due to being overstretched;
- Increased competition for all types of funding, with organisations devoting increasing time to funding applications as opposed to service delivery.

The recession may serve to compound already existing challenges associated with the sparsely populated nature of the area. For example:

- The high cost of fuel and energy was mentioned frequently;
- Poor public transport provision was reported as creating extra burdens for organisations and their clients (see box "Going the extra mile");
- Keeping up with policy and legislative changes that directly affect their work can be time consuming for small organisations.

The third sector in Helmsdale's future

"Our staff are very committed – and they are used to weathering financial crises!"

Interview 16

A recent Commission for Rural Communities paper on the recession (2010: p6) noted that:

"The capacity and resilience of different rural communities will differ hugely, as is the case at present. The importance of helping communities develop and strengthen their own capacity to help themselves will continue to be

Going the extra mile – or 300: the impact of Sutherland's poor transport infrastructure on the third sector

A client of one organisation had to attend a meeting with a statutory agency in Wick. The problem for the client was that they lived in Durness, and had no transport of their own. It is not possible to make a return journey from Durness to Wick by public transport in one day. So a staff member of the organisation drove from East Sutherland to Durness; picked up the client; drove them to Wick; represented the client at the meeting – with a successful outcome for the client; drove the client back to Durness; and, finally, returned home to East Sutherland themselves. This was a round trip of over 300 miles, for one hour of advocacy work.

The demands that this places on the time and energy of staff, and the budget of the organisation, are obvious. The disempowering effect of lack of public transport on those who cannot drive or don't own a car, and consequently the burden this places on organisations working to support and empower people in the region, is also clear.

important. The investment that lottery distributors make, as well as the work of the voluntary and community sector, is all well worth maintaining."

While the Commission deals with rural areas in England, these observations may well be relevant elsewhere, including in Helmsdale and East Sutherland. On the one hand, there appears to be a gap relating to mechanisms for promoting inter-community learning about successful initiatives in the Highlands and Islands (and nationally and internationally), as well as locality-based community capacity building. The absence of a local community institutional infrastructure, such as a community company or development trust, is perhaps felt here. Although any such organisation would have to be sustainable not just in terms of funding, but also volunteer time and effort.

However, the existing level of networking and collaboration between third sector organisations (and with the public sector) in East Sutherland, and Sutherland more generally is a strength and shows the existence of a high level of social capital. The sector's importance for the future of the region is suggested by the involvement of a wide range of third, public and private sector organisations in the recent Sutherland Summit and the Sutherland Development Plan process. And there is further potential for the sector to play an important role in strengthening community resilience, in the Helmsdale area and Sutherland more generally, beyond the provision of community facilities and social support services which we have already spoken about. For example, demographic ageing and loss of the younger people, environmental issues and sustainable development, and further tourism development are all key areas for the future of Sutherland. Developing intergenerational work through 'bridging' organisations which can cut across age and other divides; renewable energy and 'green' activities generally; and further tourism, building on cultural and heritage assets as well as the physical (landscape, salmon river etc) assets of the area, are all promising opportunities for the sector.

Finally, it is interesting that staff and volunteer levels have not declined despite the uncertainty about the future related to the recession. Perhaps, as the quote above suggests, this is because such uncertainty is a "fact of life" in the sector. The persistence and commitment of the sector's workforce (staff and volunteers) to the people they work with, and their region, is thus a key asset to build on.

Further reading

Websites:

Helmsdale community site: www.helmsdale.org

Voluntary Groups East Sutherland: www.vges.org

Highlands and Islands Enterprise: www.hie.co.uk

Highland Council ward statistics for Ward 5 East Sutherland and Edderton: www.highland.gov.uk/yourcouncil/yourward/ward05/ward05-z-wardstats.htm

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