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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

A report for Highlands and Islands Enterprise, May 2010

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Executive Summary

1. The current recession has revealed a lack of information about the relationship of the rural third sector to economic change (de Lima 2009). This pilot study seeks to take the opportunity to make a fragile rural area the object of the first piece of research produced to fill the evidence gap around the third sector in recession. It aims 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 a “fragile area”, specifically Helmsdale in East Sutherland.
2. It was funded by Highlands and Islands Enterprise and conducted between November 2009 and January 2010. CRRS conducted 16 semi-structured interviews (face to face and telephone) with third sector organisations. Further interviews and discussion with other key local actors were used for additional background and triangulation.
3. The Helmsdale 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 – although Helmsdale retains a health centre, post office and primary school.
4. 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 study participants’ accounts, it seems that the sector makes a significant difference to the population of the area in terms of income and employability, mental health and wellbeing, and quality of life. They complement, and in some cases directly supplement or replace, public sector services.
5. There is evidence that these 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 recent severe winter weather conditions which made transport difficult.
6. Most organisations had more volunteers than paid staff, and typically reported a steady core of volunteers, with some turnover. No great difficulties in recruiting volunteers (or staff) recently were reported.
7. 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 of the recession are likely to be felt in the medium-term, as current funding agreements run out. 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.
8. Social enterprises may also be encountering difficulties. For example, some social enterprises which charged for their services were reporting generally lower levels of business and declining income. This suggests the importance of exercising caution in promoting social enterprises as a panacea to the economic recession, and developing an approach which recognises the complex and intrinsic links between the ‘social economy’ and the economy in general.

9. 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.
10. 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.
11. 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.
12. Possible implications of the recession for the area identified in this study include:
 - Lower levels of social care and support services provision.
 - Organisations experiencing stress due to overstretch.
 - Increased competition for all types of funding, with organisations devoting increasing time to funding applications as opposed to service delivery.
13. 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.
 - Keeping up with policy and legislative changes that directly affect their work can be time consuming for small organisations.
13. Overall some organisations have already been collaborating and sharing resources and have been taking measures to respond to the challenges that the area presents, as well as in response to the changing public policy landscape. They may have limited scope for further adaptation and change. This study has picked up evidence of some organisations using new technologies (e.g. Skype and so on) and even old technologies, such as telephone conferencing, to overcome what sometimes has been described as the 'tyranny of geography', but the use of such technologies was not widely reported.
14. There are a number of potentially promising opportunities which could provide the basis for building resilient communities. For example: 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.
15. The continued commitment of third sector staff and volunteers in the face of uncertainty, and the high level of networking across the region, are key strengths. However, there is a gap related 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 that can work with the community to help them overcome the challenges that fragile areas face.

1. Introduction and objectives

1.1 The rural third sector and recession

It is widely acknowledged that the services and facilities that the third sector (formal and informal) provides can be pivotal to rural communities and residents in stimulating community activity, enabling access to services and addressing social exclusion (Countryside Agency Archive not dated). Despite the high density of third sector organisations per head of population in areas such as the Highlands and Islands, and the large number of volunteers in rural areas (see for example, Scottish Government 2008; SCVO 2003), it would appear there is little research which has sought to understand the scope and capacities of the sector as a whole and its contribution to the resilience and wellbeing of rural communities (DEFRA 2003). Understanding the capacities of the rural voluntary sector to contribute to community resilience and wellbeing has acquired heightened significance in the light of the recession.

The current recession has revealed a lack of information about the relationship of the rural third sector to economic change (de Lima 2009). Economic change might affect the sector in several ways, by affecting the 'supply' of the 'factors of production' (financial, human and physical resources) and 'demand' (for services from individuals and public sector). While recession might be cast as negative for the sector, restricting supply and increasing demand, some research suggests that the reality is much more complex (Wilding 2008).

Funding is clearly one potential area of impact. Evidence from previous recessions suggests that the picture is more mixed than might be expected, with by no means all third sector organisations seeing a decrease in income (Wilding 2008). While the picture is complex, broadly evidence from previous recessions appears to suggest that charitable donations often remain fairly constant, but corporate and government funding may be reduced. However, what might happen in practice to the rural third sector is unclear, as de Lima (2009) notes "gaps exist in information about the funding flows to rural voluntary organisations" (de Lima 2009: p11).

Evidence on how recession affects human resources is similarly mixed. It might be expected that increasing unemployment will slacken tight labour markets and ease recruitment of paid staff. On the other hand, the majority of volunteering is done by people in work: it is not clear whether increasing unemployment will affect volunteer's capacity to contribute or not. It might be, for example, that the social relations in smaller communities act to maintain volunteering despite costs – e.g. transport – becoming more significant. De Lima (2009) also notes that building volunteer and organisational capacity is a challenge for rural third sector organisations at all times. Recent emphasis on community ownership of assets and the 'green economy' may result in additional strains to a system which is already stretched in terms of its human resource capacity. It is possible, however that the recession may provide an opportunity for "collaborative training and use of new technologies in developing and delivering training and capacity building" with a view to exploring "...the costs of accessing and delivering training associated with distance and dispersion" (de Lima 2009: p11). Understanding the scope for

innovation in the rural third sector in the context of an economy in crisis and a changing public sector landscape, including the role of Information Communication Technology (ICT) in addressing and overcoming some of the challenges, are potential areas for further research.

Finally, the issue of changes in service demand is clearly one that has relevance for the sector in relation to economic growth as well as downturn. Questions relating to intra-sectoral variation in demand, funding and capacity to meet demand, and opportunities in relation to public service provision might be explored – the latter perhaps particularly in relation to the recession and an expected rise in demand for advice, mental health and employability services (Wilding 2008: p10). These areas are under-researched.

Given the current context and concerns about the potential impact of the recession, UHI Centre for Remote and Rural Studies (CRRS) was commissioned by HIE to undertake a small pilot study, building on some of the scoping work that the Centre had already undertaken. The study commenced in autumn 2009, with interviews taking place from November 2009 to January 2010.

1.2 Aims and objectives

The study was conceived as a pilot study, to start building up 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 a 'fragile' area, as defined by HIE¹. These are areas of the Highlands and Islands "characterised by weakening of communities through loss of people, low incomes, sparsity of population and remoteness" (HIE 2009: p8) – the precise categorisation is based on analysis of a bundle of 12 economic, demographic and social indicators. The study seeks to put the issues facing such areas, which are HIE's priority, firmly into the national debate about the third sector in recession.

This study aims:

- To pilot an in-depth study in one small but clearly defined fragile area, of the actual and perceived challenges that the recession has had/is having/ might have on the future growth of third sector organisations.
- To identify the contribution that third sector organisations can make to the social and economic resilience of their area.

The objectives of the study focus on current and future challenges and opportunities rural voluntary organisations report and experience, as follows:

- To identify the challenges and opportunities third sector organisations might be facing as a consequence of the recession.

¹ A map of all HIE's fragile areas can be found in Appendix 2.

- To identify the nature and types of challenges third sector organisations perceive they are experiencing at present which they specifically attribute to the economic crisis.
- To identify the nature and types of challenges they identify as being a consequence of other issues and policies.
- To explore the implications of (i), (ii) and (iii) for their organisation and work/services in the communities they serve.
- To highlight specific measures they are taking to address current challenges and take up opportunities.
- To identify specific challenges arising out of the recession that they anticipate in the next three to five years, and the measures they are taking to develop their capacity to address these issues.
- To identify opportunities the third sector organisations perceive the recession as throwing up which would enable them to contribute to the social and economic resilience of their area.

2 Methods

2.1 Pilot study area

This pilot study has focussed on organisations active in Helmsdale and the surrounding area, categorised as one of HIE's fragile areas (see 1.2 above). This area extends along the coast to include Navidale just north of Helmsdale, Loth and Portgower in the south, and inland up the strath to Kinbrace – see Figure 1 for a map. (It is constituted as a separate census data zone, number S01003968.) CRRS focussed on the Helmsdale area largely because it has perhaps been under-researched – particularly in comparison with some of the other fragile areas on the west coast. Its accessibility from Inverness, and the presence of a local CVS, also made it suitable for this pilot study.

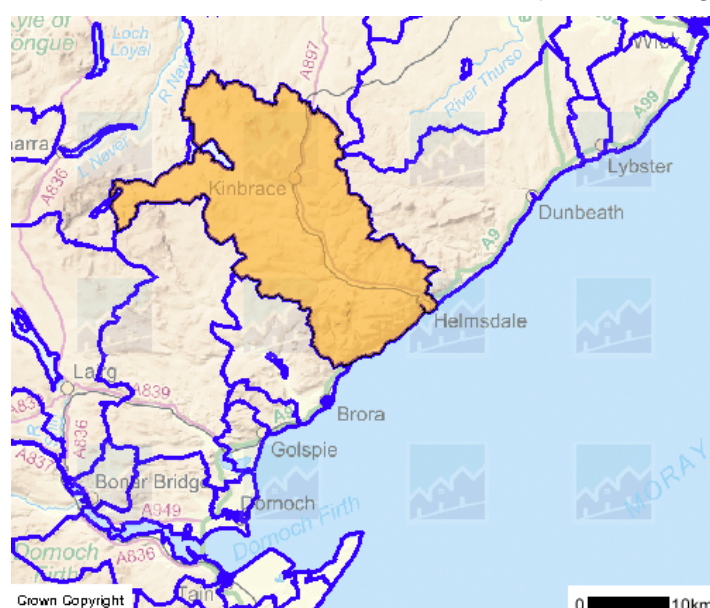
2.2 Sample

The sample of organisations selected for interview was arrived at in discussion with HIE and Voluntary Groups East Sutherland (VGES), to reflect a mix geographically, in terms of size and areas of focus. Sixteen third sector participants and their organisations were involved in the study. In a few instances some groups from the original sample had to be substituted with similar groups, as they proved impossible to contact, or were currently inactive.

Interviews were conducted not only with organisations based in the Helmsdale area, but also organisations based elsewhere which are also active in the area. Some of these cover all of East Sutherland, some are regional or national organisations

Figure 1 Helmsdale: study area

Data zone SO1003968. See also the map of HIE Fragile Areas in Appendix 2.



Source: Scottish Neighbourhood Statistics www.sns.gov.uk
© Scottish Government

(perhaps with local branches). While the sample also included a range of organisations in size and area of work, the main focus was on organisations in the social, health and community fields. It was felt the experience of these organisations were most likely to have significant impacts on the population of the area, and be most relevant for the work of HIE and other public agencies.

2.3 Methods

CRRS conducted semi-structured interviews (face to face and telephone) with 16 third sector organisations. These interviews covered the following (see Appendix 1 for more details):

- Basic details of the organisation (including size and sources of funding).
- Their contribution to the area.
- The factors that impact on their performance in general.
- Their experience of the recession.

Under this latter heading were questions such as what kind of impacts, if any, the recession was having on them – negative or positive – and what, if anything, they were doing in response, both now and for the future. Also included were questions about their sources of support (other than funding), and what else might be useful for them.

An analysis of key emerging issues was undertaken based on interview notes and transcripts in case of interviews which were recorded. Three interviews with public officials and a member of the Highland Council were also conducted, for additional background material on the area and discussion of issues arising from the analysis.

2.4 Ethics

All participants were provided information in advance about the project (including ethical statement) and were asked to sign a consent form. All the interviews for this project were undertaken on a confidential basis and with a commitment to anonymity. Consequently, this report does not include a list of participants. Quotations are given numbers (corresponding to the interviews) and no specific sources are cited for the boxes that feature in the report, to protect individual and organisational anonymity.

3. The Helmsdale context

“Helmsdale has been in recession for 20 years or more”
Interview 14

While the Highlands and Islands may not have been hit as hard as some other parts of the UK by the recession, the overall picture of Helmsdale painted in both official statistics, and in the interviews with third sector organisations, is of an area facing economic and demographic challenges. It stands out as having a sparse and ageing population, youth outmigration, high unemployment and difficult access to services, even within the Highlands and Islands.

NB: unless otherwise noted, all figures in this section are taken from (or calculated on the basis of) the background paper for this study prepared by Steve Westbrook (Westbrook 2010). Tables 1 and 2, and Figure 2, are also taken from this paper.

3.1 Demography

The area is very sparsely populated, with just 1.3 people per km², compared to 8.5 in Highland. The population of the area has been steadily falling over the last decade, declining from 894 at the time of the 2001 census to an estimated 828 in 2008 – a 7.4% decline in 7 years. This is in contrast to a 5% growth in population for the Highland region as a whole.

It has more people over 65 than typical for Highland and Scotland as a whole: over 50% of the population is over 50 years old. While there are an average number of children of school age, there is a marked absence of people in the 16-29 years age group. Of the working age population, almost half are over 50 years old.

3.2 Health

The area has a higher than average rate of emergency hospital admissions for the over 65s (NHS ISD Scotland 2009). The wider area of East Sutherland has the second highest rate of self-reported illness in Highland, with 22% of the population reporting a limiting long-term illness as opposed to 18% for Highland (UK Census 2001). On the positive side, the rate of hospitalisation for alcohol misuse (all ages) was much lower than in the whole of East Sutherland and the Highland average (NHS ISD Scotland 2009).

3.3 Economy

Figures for the Highland Council Ward of East Sutherland and Edderton, which includes the Helmsdale area, indicate a higher than average (even in the Highlands) dependency on the public sector, and tourism. These sectors account for 36% and 32% of employment in the ward respectively (Annual Business Inquiry 2007)

Helmsdale has strong assets in the tourism sector, with one of Scotland's best salmon rivers attracting many visitors and sustaining a fishing shop (and several celebrity visitors). Cafés and restaurants, the Timespan museum and art gallery, and the culture and heritage of the area more broadly were also important visitor draws,

Table 1 Helmsdale area age structure, 2008

	Helmsdale and Kinbrace		Highland	Scotland	Great Britain
	numbers	%	%	%	%
0-15	119	14.4	17.8	17.7	18.7
16-29	81	9.8	14.7	18.4	18.7
30-49	189	22.8	27.5	28.2	28.2
50-64	218	26.3	21.9	19.1	18.1
65-74	124	15.0	10.0	9.0	8.4
75+	97	11.7	8.2	7.6	7.8
All ages	828	100	100	100	100

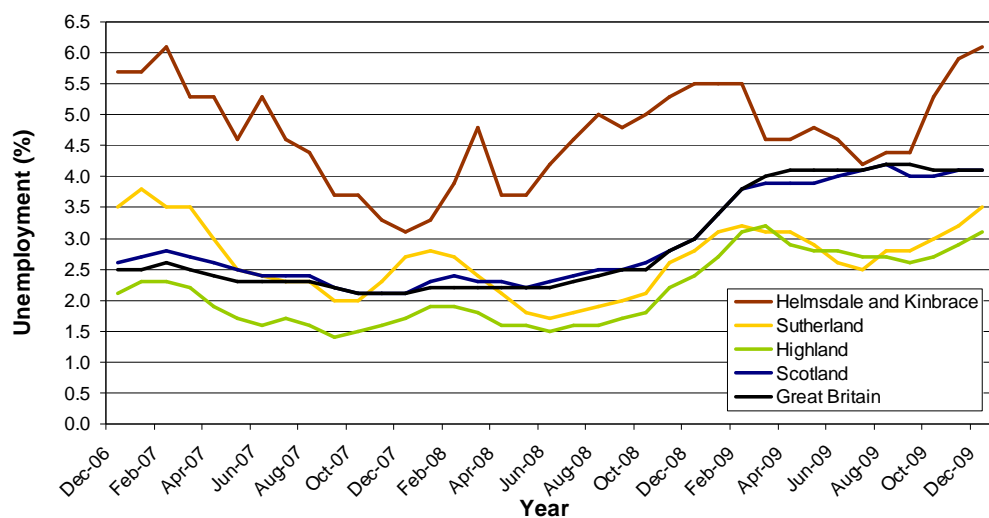
Sources: Westbrook 2010 (GROS Mid-2008 Population Estimates, ONS Mid-2008 Population Estimates)

Table 2 Visits to Tourist Attractions, 2007-2008

	2007	2008	% change
Timespan Heritage Centre, Helmsdale	7,563	11,637	+54
Clynelish Visitor Centre, Brora	3,348	2,909	-13
Dunrobin Castle, Golspie	63,770	58,105	-9
Orcadian Stone Company Ltd, Golspie	428	247	-42

Source: Westbrook 2010 (VisitScotland, Scottish Visitor Attraction Survey 2008)

Figure 2 Unemployment Rates, December 2006 – December 2009 [SW]



Sources: Westbrook 2010 (ONS JSA Claimant Count)

Notes: The unemployment rate is the number of JSA claimants as a proportion of the 2008 resident working-age population for Helmsdale, Highland, Scotland and Great Britain. For Sutherland, the unemployment rate is the number of JSA claimants as a proportion of the 2001 resident working-age population.

Table 3 Cost of living in Highland

	Difference from average Scottish Urban Prices
All prices	-1.1
Food and catering	+9.1
Alcoholic drink and tobacco	+2.0
Housing	-10.3
Motoring	-4.9
Road fuel	+9.6
Household goods and services	-1.0
Personal goods and services	-0.1

Source: Rural Scotland Price Survey 2003

and contribute to local employment. The village economy also benefits from passing traffic on the A9. There are a small number of shops catering for local and tourist needs, including grocers, and a fishing shop.

Table 2 shows visitor numbers for selected tourist attractions in East Sutherland. The large increase in visitor numbers between 2007 and 2008 in the Timespan Heritage Centre (in Helmsdale) was due to extended closure of the museum part of the Centre due to refurbishment, lasting until May 2007. Nearby visitor attractions in Golspie and Brora had fewer visitors in 2008 than in 2007. However, the continued low level of sterling against other currencies is likely to help local tourist businesses.

Figure 2 shows that unemployment in Helmsdale and Kinbrace has been consistently higher than unemployment in Highland, Scotland and Great Britain over the past three years. The unemployment rate fluctuates seasonally, as for Sutherland and Highland. The latest figures available are for November 2009, and indicate that at that time there were no notified vacancies and no live unfilled vacancies in the Helmsdale area, and only 26 unfilled vacancies in the whole of Sutherland. Meanwhile, 27 people in the Helmsdale area alone were receiving Job Seekers' Allowance in 2008. Some study participants noted that redundancies were still coming through for people in Helmsdale in autumn 2008.

Figures also suggest that wages are low in the area. Ward level statistics show that 12% of households earn less than £10,000 annually, a slightly higher proportion than the Highland average of 10% (CACI 2007). Workers in remote rural areas are likely to have less bargaining power to command higher wages to counter inflation than Central Belt workers, as they are more likely to be non-unionised, working for smaller businesses, or be self employed. High unemployment rates create a large labour pool which may serve to keep wages down and limit bargaining power (Westbrook 2010).

Business start-up figures are available for Caithness, Sutherland and Easter Ross, and show a highly seasonal picture, with start-ups peaking in summer each year. Although start-ups declined in 2009, this was from a decadal peak in 2007, and is in

line with typical levels of business start-up from 2003-6. Regarding business closedowns, after declining between 2004 and 2007, the number of “deaths” of enterprises rose sharply between 2007 and 2008 (latest figures available) for both Highland (+11.0%) and Scotland (+8.1%).

Finally, Table 3 compares prices in Highland with urban Scotland. Lower average housing costs make rural areas slightly cheaper to live in; however, groceries and road fuel are substantially more expensive.

3.4 Services

The Helmsdale area is classed as “remote rural”, and among Scotland’s 5% most deprived in terms of “geographic access to services”. Helmsdale currently has a primary school; children of secondary school age attend school in Golspie. The GP practice was merged with Brora a few years ago, but Helmsdale retains a health centre open five days a week as part of this merged practice. There is also a post office. An NHS dentist is shortly due to begin operating in Helmsdale again (NHS Highland 2010). In terms of private sector services, the community website lists plumbers, garages, bookkeeping and an undertaker in Helmsdale; but the filling station, which was independently and locally owned, closed down recently.

There is a local perception that services have declined over the years, particularly as public services are increasingly based elsewhere or centralised. Service providers might argue that the area is still covered, and indeed that this arrangement might in fact be more cost-effective – an important consideration for service sustainability in the context of declining budgets (see below). However, it does not fit what one participant suggested as the “Highland ideal of the minister, teacher and doctor living in the village”.

Public sector budgets are very likely to decrease in the next few years. The exact figures in this context are the subject of much debate and discussion. COSLA suggests that local authorities plan for a 12% reduction in budgets from 2009/10 to 2013/14; the Highland Council is currently looking at proposals for 5-6% savings each year for the next three years (Highland Council 2009).

3.5 Community

Participants suggested that, like other remote communities, people in Helmsdale are resilient – “because they have to be!”. Some spoke of a very strong community spirit and pride of place, manifesting itself in steady church attendance, an active Highland Games society, campaigns to protect local public service provision and engagement with service providers. Of course, as in any community, not everyone sees eye-to-eye all the time, and there appeared to be some differences between individuals that sometimes affected the capacity of organisations to work together. However, there were also concerns within the community that much voluntary activity was overly dependent on a small group of activists; an issue that is also consistently highlighted by other research and the literature on rural voluntary organisations. Some within the community suggested that there was an element of apathy about the future of the area. This view contrasts with the resilience and fighting spirit perceived by others, both internal and external.

4 The third sector in Helmsdale and East Sutherland

4.1 Size and scope

The area is served by a network of relatively small third sector organisations, providing a wide range of services in the social support and community fields. The organisations based in Helmsdale work in a wide range of fields. These include, for example :

- Recreational and leisure activities (e.g. Tennis Club, Flower Show);
- Culture, heritage and tourism (Timespan and the Highland Games Association);
- Health and emergency services (First Responders, Medical Equipment Fund, RNLI).

It is notable that the culture/heritage/tourism organisations are some of the largest. There is also a community council and community association, which runs the community centre – and an association that runs the village hall in Portgower. There is not a community company or development organisation.

While Helmsdale is home to a number of organisations, the pull of Golspie as East Sutherland's administrative centre is evident from a quick glance at the VGES database. This shows 18 organisations based in Helmsdale and surrounding area (population 828), compared to 74 in Golspie and surrounding area (with a population of 1617). Many of the larger and externally-funded organisations (with more paid staff) cover Helmsdale from there, or elsewhere in East Sutherland. Some cover the area from further afield in Ross-shire or Caithness.

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

Interview 8

At the Sutherland level, organisations increasingly work with each other to complement each other, by, for example, referring people on to each other. There is a strong understanding that people may need multifaceted support. Some organisations suggested that regional networking and collaboration had improved in recent years. There were also cases where staff with one organisation also volunteered with another, further suggesting that a networked third sector community exists in the area. However, many staff and volunteers cover a wide geographical area and services can become stretched – particularly in the recent severe weather conditions.

At a local level, this close networking is further developed and the sector is well integrated, with individuals often holding posts in multiple groups, for example (see the quotation from Interview 8 above). While positive in terms of "joined up" local action, it also indicates a small pool of volunteers, which needs to be refreshed if current levels of community organisation in Helmsdale are to be sustained.

4.2 Contribution to the area

The focus in relation to work of the organisations interviewed included assistance with regard to the following: housing, employment, finance, physical, emotional and psychological needs, advice, training, support, counselling and respite care. Some are also involved in advocacy work and representing clients to statutory agencies, or representing their interests in policy debates. Frequently their activities go beyond any narrow conception of “support”, and involve long-term commitments to clients. We frequently heard that “the client’s needs come first”, and such responsiveness and flexibility involves staff and volunteers in everything from in-depth counselling to driving people to meetings, shopping, and so on. Meeting clients’ needs is the primary focus of most organisations, which often crosses service boundaries and may not necessarily fit into discrete ‘service’ boxes.

*“You can see the difference in them, after just one session –
because they realise that they don’t have to face things on their own”*
Interview 6

Many participants felt that their organisations contributed to achieving outcomes desired by public services. In some cases, they were directly involved in stepping in where the public and private sectors either do not or cannot deliver services. Notable examples are in health, where local volunteer groups offer emergency medical care, or obtain medical equipment (ranging from commodes to an ECG machine) for local people and health professionals that are unobtainable from the NHS. The proactive and preventative nature of the sector’s work was also stressed by several organisations. Timely and flexible interventions could ease the burden on statutory services and public budgets: for example through helping families experiencing difficulties before they got to the point where social work was involved, or helping people made redundant to quickly access alternative employment rather than become benefits claimants. Outwith the social and community fields, participants pointed out that other organisations fill gaps in public sector provision e.g. those working in leisure providing sports facilities.

While it is difficult if not impossible to quantify all the impacts of third sector activities, some participants did point to quantifiable economic aspects of their work. For example, one participant reported that they secured around £400,000 annually for people in the region, through supporting them in claiming their benefit entitlements. Often this was for older people who, for various reasons, tend to underclaim. Given the ageing population in the area, this may be a particularly significant service. Another organisation cited an external evaluation of their work from a few years ago, which suggested that social work and health in the area would suffer if they didn’t exist, and estimated that replacing their services would cost Highland Council around £500,000. Third sector cultural organisations were also a significant employer in Helmsdale, as well as other areas in East Sutherland; and one Helmsdale-based participant noted how their organisation tries to buy locally as far as possible.

Some felt that they had a particular role to play in reducing the social or cultural isolation that geographical isolation can produce for those living in remote communities. Simply making contact, or being available, was felt to be valuable in easing stress and pressure on people facing difficulties. More broadly, providing places for people to meet, putting on events (from ceilidhs to support group

sessions), were all cited as valuable contributions to the wellbeing of the population of Helmsdale, and Sutherland more generally.

4.3 Staffing and volunteers

While some organisations were made up entirely of paid staff, and some were all voluntary, most have less than ten paid staff in their organisation or regional branch, and perhaps twice the number of volunteers to paid staff. Most paid staff work part-time, and this covers everything from half-time posts to a few hours per week. While some volunteers are retired, often they work elsewhere alongside their volunteering.

Part-time working was generally reported as a product of funding limitations rather than demand for services. Several organisations felt they could easily keep their staff busy for twice the hours they currently do, if they were able to fund this. Volunteer time is also not without costs in terms of expenses (especially for travel to and with clients – see below).

4.4 Funding patterns

Interviews revealed a number of patterns of funding for sector organisations (see Tables 4 and 5). Some were almost wholly reliant on Highland Council service level agreements, while others were supported by a range of public sector bodies. There were also specific projects supported through the Highland Council Ward Budget, but this was not normally used for ongoing running costs. Charitable foundations and funding from national organisations for regional branches are also important.

A significant minority of organisations also generated their own income and could be classified as social enterprises. This was the dominant source of income for one organisation, but also made up large proportions of other organisations' income: often 25 – 50%.

In addition, several organisations received regular local donations. Local donations provided 100% of the costs of one organisation (see Box 1), and around two-thirds of the running costs for the regional branch of another. For others, donations tended to make a “small but valuable” contribution.

4.5 Support mechanisms

Several organisations praised their boards of directors for their help with advice, funding and especially contacts: “invaluable in the Highlands”. Regional branches of national organisations also used their national body for support in the form of training and advice. Joint working and good working relationships with colleagues in other third sector organisations, and the public sector, were widely mentioned and valued – see Box 2. Finally, VGES was repeatedly praised for providing valuable services (including funding advice and information, training, and many other services e.g. energy efficiency audits) by a wide range of organisations.

Box 1 Local funding – an exceptionally successful case

One Helmsdale-based group was entirely funded from donations and local fundraising, and has been for over 20 years. Donations were often in the form of legacies and/or funeral collections from people or families who had benefitted from the group's work. These had proved so generous that the organisation has not needed to engage in fundraising activities in recent years. They were beginning to decline, however, and while there was no immediate financial crisis, the organisation was considering resuming fundraising: not only for direct income but also to raise its profile in the community again.

Table 4 Funding patterns

Source	Major element of funding	Minor element of funding	Helmsdale-based only – major element
Highland Council	5	1	2
Social enterprise/ income generation	5	1	2
Scottish Government	3		
Trusts, foundations etc	3	1	1
Highland Council and NHS	2		
Other public	2	1	
Donations and fundraising events	2	3	1
National organisation	1		
All public	12	2	2
All Highland Council	7	1	2
All private	8		4
All local generation	7	3	3

NB: numbers do not sum to 16, as organisations may have more than one major or minor funding source.

Table 5 Funding organisations mentioned in interviews

Public	
Arts Council	NHS Highland
Big Lottery Fund	Scottish Government, including Fairer Scotland Fund Housing Association Grant
Highland Council, including specifically social work budget	
Private	
Cadbury Foundation	Comic Relief
Children in Need	Esmée Fairbairn Foundation
J K Rowling Trust	Lloyds TSB Foundation
Lloyds TSB Foundation	Pfizer Trust
Trusthouse Foundation	

Box 2 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 (e.g. one organisation may offer childcare, another financial support for training) or as needs change (e.g. from counselling to local social support);
- Pooling resources e.g. sharing training opportunities with other sector organisations; asking each other for specialist advice, feeding into each others policy or work; or using services of the local CVS (VGES) for accounts etc.;
- Staff integration i.e. people working at more than one, or a worker in one organisation volunteering at another (we encountered a few examples of this even in our sample).

It seems there is no one driver of this networking. Possible factors that emerge from interviews are:

- the process of drawing up the Highland Compact;
- proactive efforts by individual organisations recognising their need to collaborate;
- the presence of a proactive CVS in the form of 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. One commented:

“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

4.6 Other factors

In addition to the impacts of the recession that will be discussed in the next section, there were challenges not linked with the recession that came up repeatedly that compound the challenges that the sector faces in the recession.

4.6.1 Transport

It is evident that the combination of operating in a sparsely populated rural area and the lack of public transport can severely constrain the lives of people who are either unable to drive or cannot afford a car. For example, participants pointed out that it is practically impossible to live in East Sutherland and travel to work by public transport. However, almost one quarter of households in Sutherland (as a whole) had no access to a car or van at the time of the 2001 census, and further 51% had only one vehicle, potentially leaving those not in paid employment without transport

much of the time (Sutherland Partnership Transport Group 2007, p7). As these are often the people that the third sector social support organisations work with, this situation puts a corresponding strain on organisations' resources (time, money and energy), as well as potentially constraining their ability to take on any more work. Cases of support organisations having to act almost as taxi services for their clients, to enable them to attend meetings or training, came up several times. This is perhaps well-known, but it is an additional stress when budgets are tightening but demand for support is steady or rising and the price of fuel is high (see Box 3) .

Box 3 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.

There was some evidence of organisations developing creative responses in this context . One organisation has taken to using Skype for staff meetings, and even for follow up meetings with those clients who are happy with this. However, they find some face-to-face contact is still essential , especially for initial meetings with a client. They were also developing the use of web-based case management systems, use of text messages to contact carers who preferred this method, etc. Other responses were geographical matching of staff and volunteers with the clients they work with to minimise travelling; and simply restricting the number of clients that an organisation can take on. The latter may, of course, result in unmet demand with potential negative consequences for individuals and communities.

4.6.2 Policy and legislation

Third sector organisations working in the social support field are perhaps particularly exposed to changes in public policy and legislation, as their work often involves them in helping people in their dealings with public agencies and they are likely to be dependent on public sector funding . Nevertheless, some felt that policy made little difference to their everyday work, while others noted a number of factors:

- Specific changes related to public – third sector relationships. While these varied within particular fields of work, the broad picture is that greater partnership working at local level, and higher level input into policy and strategy, was welcomed, while moves towards centralisation were in some cases felt to be threatening the work of existing successful organisations.

- Cycles and trends in policy, with some issues becoming in vogue, and then dropping out of fashion. Some felt that their work was hard to fund because it was not currently in fashion; conversely, another participant noted that an issue becoming the political “flavour of the month” did not guarantee support for organisations working on it. However, it did offer those organisations an opportunity to strengthen themselves, and was probably helpful in funding applications.
- The time it took to keep up with changes in legislation, social welfare rules and procedures, etc. One participant felt that criminal records disclosure was off-putting to potential volunteers at a relatively informal, local level.
- Time and energy spent applying for project funding of limited duration. Service level agreements and contracts appeared to be more popular.

5 Impacts of the recession

5.1 Funding in the recession

Funding for the third sector was seen as extremely fragile at present. Some organisations noted a tightening of public funding already, and others reported that charitable foundations were cutting their funding. The suspension of grants from the Lloyds TSB Foundation for Scotland was the most dramatic example, but not the only one.

*"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

Worries about future funding were widespread. These mainly related to funding from "above" (i.e. larger organisations - public sector, private trusts, national bodies), and outwith the area, rather than "grassroots" local donations and fundraising. For instance, public sector funding cuts, queries over future funding from national organisations for regional branches, and cutbacks in funding from charitable foundations were specific areas highlighted by participants.

It might be that the combination of pressures on public sector budgets and on local councils to meet commitments (e.g. under single outcome agreements) will lead to greater opportunities for some third sector organisations to subcontract their services to Highland Council. However, there was a suggestion that the Local Authority Concordat and freeze on local authority council tax may also have negative impacts in terms of funding for the third sector in relation to what might be perceived as 'non-essential services', for example out of school childcare.

Regarding grassroots funding from within the area, the picture was mixed, with some organisations noticing a decline in business (see below) or donations, but others reporting a steady or even improving picture.

There is a minority of organisations for whom funding is not currently a significant problem. They include one whose public sector funding has just been renewed for 3 years, and another whose local donations, while down, are still quite adequate to cover demand for services (which is also down) at the present (see Box 1 in previous section).

5.2 Pressure on services

Advisory and support services reported a rise in demand that appeared to be linked to the recession. There appeared to be a surge in debt problems in particular: possibly the result of long-term debt suddenly becoming unsustainable. Organisations reported seeing increases in people coming to them with:

- debt and financial problems ;
- problems relating to redundancies and unfair dismissal; and

- stress and mental health problems related to the above and resulting household pressures. One participant even noted a sudden increase in attempted suicides among their organisation's clients.

It should also be remembered that organisation staff and volunteers are not immune from these problems themselves, including stress related to their work. At least one organisation interviewed has a support worker who is seeing a counsellor in relation to stress.

Participants who worked on employability and careers, or who were involved in finding work-placements, noted a fall in employment opportunities, and were worried about further difficulties ahead.

5.3 Economic pressures

Organisations involved in the economy and social enterprise sectors also noted signs of recession:

- fewer new jobs and entry-level posts for people seeking work; and
- tightening of spending affecting social enterprises.

These reports of the local economy contracting are backed up by the latest labour market statistics, referred to earlier in this report: there were only 26 vacancies in the whole of Sutherland (and none in the Helmsdale area) in November 2009. Participants expected further impacts if and when public sector funding cuts began to affect public sector jobs, which are a major source of employment. However, on a more positive note, there was an increase in individual tourist visitors (in 2009) reported by one social enterprise.

6 Responses to the recession

6.1 Cutting staff and services

“We will try to adjust our service to cope with fewer staff, but it is likely that we will not be able to help as many people as we do now”
Interview 3

Several organisations reported that a reduction in funding would lead to a reduction in service provision. For some the reduction of demand for their services can also have consequences for staffing and staff planning, which can be difficult to manage in small rural communities. For example, this was especially evident in the child care sector where there is a legal requirement to have specific staff-to-children ratios in a context of fluctuating demand for out of school childcare services. In Helmsdale, one provider of social support to older residents has recently withdrawn some services following the end of Lottery funding.

At its most dramatic, some organisations might close down altogether. One participant noted that at least one local group they had worked with had been closed down as a result of funding cuts (NB not a group in Helmsdale). Such closures could have an impact beyond the organisation and their immediate clients, given the networking across the region that we found (see box below).

Box 4 Financial pressures and regional networking

Joint working, networking and collaboration between organisations offering different specialisms and types of service, including with public sector agencies, is one of the strengths of the third sector across East Sutherland. However, the networked nature of third sector service provision also means that cuts to one organisation can have knock-on effects on others – and, most importantly, on the people who use them. One participant spelled out the implications of this for their organisation:

“There’s been quite a number of voluntary organisations had their funding cut, so they’ve gone. And it’s a shame because we all linked in with these people... We can’t work in isolation, it doesn’t work. So when somebody drops off the other end who is part of our link, it has a massive repercussion. Again, if you now have X amount of social workers on half time instead of full time.. well, we may pick up some more clients from that, but then we also have less support.”
Interview 9.

6.2 Joint working

Increased pooling of resources and joint-working was not commonly suggested as an option for coping with tighter budgets. Several participants suggested that a significant amount of this already went on, and also that it was not a panacea for dealing with financial pressures (see Boxes 2 and 4). There is mixed evidence regarding partnership working getting harder during recession. Some felt that

potential partners had become more defensive and protective of funds, contacts and programmes. A small minority were collaborating with similar organisations in other geographical areas with regard to resources and delivery of services in response to declining demand for what may be perceived by individuals as non-essential services in a recession (see Box 5).

Box 5 Responding to declining demand

An out of school care provider pointed to ways in which their particular service was coping with declining demand for their service and income. They were reducing holiday time provision, by closing down for some weeks in the holidays, and collaborating with neighbouring clubs to ensure cover for parents who wished to make use of the service for more days.

6.3 Opportunities

Not all organisations felt that tightened public sector budgets were necessarily a negative thing for the third sector. One in particular felt that recent developments in the Highland Council's approach to social services could lead to much more public-third sector partnership working. They hoped that this would see the third sector participating on an equal basis, and that it would lead to a greater community role in service provision. They saw this linking in to HIE initiatives around community development, emphasising that community-led provision of services and infrastructure in any field – e.g. social, health and leisure – required a sustainable community to underpin it.

Other organisations saw opportunities also. A few were experiencing a rise in demand for their services – chiefly those whose work was tied to the economy in some way, whether through offering financial and employment advice, or supporting unemployed individuals or households. They saw the possibility that the recession could be an opportunity to demonstrate their value, and secure increases in funding. Participants hoped that fears about the social impact of recession would help secure political support for their work, which might be valuable not just in terms of funding but also in terms of increased cooperation from other public bodies.

A rise in volunteers coming forward was positive for some organisations. They commented on the high quality of people they had. However, one participant whose organisation offered counselling services, for which volunteers required extensive training, felt that greater numbers of initial general enquiries about volunteering made little difference to the numbers of volunteer workers they actually had.

6.4 Funding

Several participants spoke of how they were now looking at new funding sources. Typically they were still looking for money from the public sector but from different 'pots' than those the organisation had usually relied upon previously. This involved some organisations looking at different aspects of their work to "sell" it to new funding audiences. However, there was widespread recognition that others were doing this too, and a feeling that overall competition for funding was rising. In

general, many organisations seem to be focussing on survival rather than longer-term planning and development, given the uncertain future.

However, one of the larger organisations interviewed is a notable exception to this. Participants from this organisation reported that they were exploring a longer term strategy with a diverse range of options, including developing social enterprise lines of business (marketing various services to public bodies), and even opening shops.

7 Looking forward

7.1 Helmsdale

7.1.1 *Renewable energy – an opportunity for a community company?*

Of potential significance for the future of Helmsdale is a proposed wind farm development by Scottish and Southern Energy (SSE) at Gordon Bush near Brora. This has planning consent and there are likely to be community benefit payments made to the four adjacent community council areas – Helmsdale, Brora, Golspie and Rogart. While much is dependent on the size of payments and how they are managed, this has the potential to offer Helmsdale residents some power over the development of their area, including potentially using the funding generated to support third sector groups and services in the locality.

It is not clear at present which body in Helmsdale will decide how that income is to be spent. In other areas SSE have worked with the Scottish Community Federation to help manage such payments, but a local body will need to handle local decision-making. One respondent suggested that this might be an opportunity for a community company or development trust to be created. Such bodies are increasingly common in communities across the Highlands and Islands, and it was even suggested that, had a community company existed, it might have been able to, for example, take over the petrol station when the previous owner retired. Similar initiatives appear to be working well elsewhere in the region (e.g. Applecross, Sleat). While clearly it is too late for that, such a body might be able to offer a vision for the future of Helmsdale that would overcome some of the apathy or disempowerment that some of the participants in this study spoke of. The Helmsdale situation also highlights a dearth of mechanisms for inter-community learning, mentoring and networking. There are a number of agencies (e.g. HIE, Community Energy Scotland) which might support such a process. However, clearly the creation of a community company has to come from within the community to be successful, and cannot be externally imposed.

7.1.2 *Intergenerational development*

A problem that the smaller community-based organisations, particularly in Helmsdale, tended to raise was the lack of volunteers to run organisations. This was often linked to the ageing population, with comments suggesting that “the same old faces” run everything, and that committees were composed entirely of the “over 50s”. Some reported efforts to get “younger folk” involved but with little lasting success.

On the other hand, one locally-based organisation did appear to have some success at working with young people in Helmsdale (see Box 6). While this is clearly different to having younger adults running the organisation, and participants in question described it as “quite unusual”, it is nevertheless a positive indicator of the potential for bridging generation gaps.

Box 6 Intergenerational learning and development

Participants from one Helmsdale organisation told how they had recently run a project specifically aimed at involving younger and older generations together. While acknowledging that holding their attention and interest was a challenge, they felt that they had had some success in bringing young people in. While project activities were often aimed at younger or older participants, rather than both, they brought all together with a “fantastic” end of project ceilidh. Going beyond this project, they also try to involve young people in volunteering, alongside older volunteers. Overall, they felt that they were in the process of creating strong links between local young people and the organisation and its staff:

“We are encouraging younger people in as well, to learn these skills from the other volunteers, who are mostly retired: the intergenerational aspect of it is important...”

[Through the recent project] the teenagers came in once, twice a week, used the café – we were thrilled!... And the young school kids are close to our staff, they talk to them, because they’re used to coming in... so hopefully we will grow with them.”

Interview 10

7.2 Third sector in the Highlands and Islands

7.2.1 Support mechanisms

Overall, few participants suggested any major innovations in non-financial support mechanisms. One specific suggestion from an organisation working on employability was the need to improve on the New Deal training packages, which they felt often created mismatches between opportunities and clients. They suggested that a regional network of “friendly employers”, contracted and supported to offer back-to-work placements, would be valuable. And another participant suggested that more than any particular mechanism what was required was a change in attitude by the public sector, and development of understanding of the potential of the third sector to be a partner in achieving outcomes for the area.

7.2.2 Commitment and resilience

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

Interview 16

Despite fears over future funding and other challenges discussed above, we found little evidence of any disheartenment or falling away of volunteer and staff numbers. Stress, particularly related to work overloads, was identified as a problem by some. Some others worried about the reliance of some organisations on a small pool of volunteers. Yet – perhaps because dealing with such challenges is a perennial feature of life in the third sector – the general impression was of a workforce that was still very much committed to their work, their goals and their region. This persistence in the face of uncertainty is perhaps a notable finding in itself.

8. Conclusions

It is important to emphasise that this was a pilot study focused on a limited geographical area and a small sample of organisations. In addition, a number of the interviews were undertaken during the severe weather conditions which may have influenced some of the participants' views and responses.

While caution has to be exercised in making generalisations based on this study, many of the findings from this pilot study serve to confirm evidence from previous studies and research into the rural third sector. Few if any of the experiences and challenges identified by participants are peculiar to Helmsdale, but could be argued to resonate with findings about many other rural areas, not just in Scotland but also in the UK and elsewhere (see for example, CRC 2008; de Lima and Braunholtz-Speight 2009; ESRC 2009a).

However, it is widely recognised that this whole area is bedevilled by lack of sound longitudinal research, particularly research relating the fortunes of the sector to that of the economy. A recent ESRC (2009: p13) publication suggested that :

'The government estimates that the financial crisis has permanently weakened the public finances by about 6.5 per cent of national income or £90 billion a year. Its plan is to bring the public finances on track over the eight years to 2017/2018, starting after the probable date of the year 2010 general election.'

In a context where there are clearly a great deal of uncertainties, including the future of public finances, it is difficult to separate out responses to the economic crisis from responses to what was an already changing relationship between the public and third sectors respectively, within a new and evolving public policy landscape in relation to service delivery in particular.

8.1 The Helmsdale area and the third sector

The Helmsdale 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 locally-based services are increasingly centralised outwith the area. While community activity remains strong, youth outmigration continues and some see the future for their area as "bleak".

The area remains heavily dependent on tourism and the public sector for employment. While tourism in Scotland appears to have done well recently, and in general the Highlands and Islands have not been as heavily affected by the recession as the rest of the UK, the economy of fragile areas such as Helmsdale may be particularly vulnerable to future cuts in public sector budgets. In a recent discussion paper (January 2010) on the implications of public sector "austerity" for rural areas, the Commission for Rural Communities in England noted that:

"Where rural public sector employment is most important as a share of total employment, in the more peripheral regions and districts ... there may well be more marked impacts and challenges" and such areas "might see significant

secondary effects in their private sector following public sector job losses (including in local retail sectors)". (CRC 2009: p5)

Similar considerations may well apply to the Highlands and Islands.

Helmsdale is served by a network of relatively small third sector organisations, providing services in the social support and community fields. While some organisations were based in Helmsdale, many were based in neighbouring towns, but cover Helmsdale in their work. Most have ten or less paid staff in their organisation or regional branch.

Most organisations had more volunteers than paid staff, and typically reported a steady core of volunteers, with some turnover. No great difficulties in recruiting volunteers (or staff) recently were reported. Indeed, some reported a rise in volunteers coming forward. Some instances of volunteers going on to paid work elsewhere were also mentioned.

Organisations provide a wide range of services, often in the areas of personal and social support of various types (e.g. counselling, financial/legal/welfare advice, support groups and visits, childcare, training etc.) to individuals, as well as, in some cases, to other organisations. From study participants' accounts, it seems that the sector makes a significant difference to the population of the area in terms of income and employability, mental health and wellbeing, and quality of life. They complement, and in some cases directly supplement or replace, public sector services.

There is evidence that they are increasingly collaborating in relation to referrals and in 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 recent severe weather conditions which made transport difficult.

Public funding has a major impact on many third sector organisations. The majority of organisations involved in the study were mostly or wholly funded by the public sector (Highland Council, NHS and others). The level of service they were able to provide was often directly linked to the level of public funding received.

8.2 The recession and the third sector

The sector's dependency on public sector funding, through grants and service level agreements, makes its sustainability precarious in the light of future public sector cuts. The medium-term funding environment, public and private, was perceived by the organisations in the study area as very fragile. There is a perception that public sector funding is already tightening. However, the main financial impacts of the recession are likely to be felt in the medium-term, as current funding agreements run out. Future cuts in public funding were 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.

Social enterprises may also be encountering difficulties. For example, some social enterprises which charged for their services, whether to individuals (e.g. childcare) or organisations, were reporting generally lower levels of business and declining

income. This suggests the importance of exercising caution in promoting social enterprises as a panacea to the economic recession, and developing an approach which recognises the complex and intrinsic links between the so called 'social economy' and the economy in general.

Some advisory and support services reported a rise in demand that appeared to be linked to the recession. The recession is becoming apparent to organisations working with the financial and economic /employment sectors. While this presents obstacles for some services, e.g. in terms of promoting employability, some also see opportunities for development and growth related to increased demand for their services.

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 levels of service provision.

However, some reported that they were reducing service provision already and others suggested that services might have to be cut in the future if funding is not maintained. Many seem to be focussed on survival rather than longer-term planning and development, given the uncertain future.

Possible implications identified for the general population and the third sector in the Helmsdale and surrounding areas as a consequence of the economic recession included :

- Lower levels of social care and support services provision.
- Organisations experiencing stress due to overstretch.
- Increased competition for all types of funding and organisations may have to devote increasing amounts 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. In a rural and northerly area, this has particular consequences for the third sector, both for transport (e.g. budgets for volunteer car and mileage) and heating.
- Poor public transport was reported as creating extra burdens for organisations and their clients. Several reported having to drive clients without cars to meetings as part of their support work, for which they were not funded. This was resource intensive in terms of time, human resource and money, particularly in the light of diminishing funds.
- Keeping up with policy and legislative changes that directly affect their work can be time consuming for small organisations. For example, meeting legislative requirements, such as child protection regulations, were reported by some organisations as creating difficulties in terms of costs, recruiting volunteers and in

some cases accessing appropriately qualified staff who also had to be paid more, which stretched the finances still further. However, organisations did try to find creative solutions, for example by sharing qualified staff across geographical areas.

Overall some organisations have already been collaborating and sharing resources and have been taking measures to respond to the challenges that the area presents, as well as in response to the changing public policy landscape. They may have limited scope for further adaptation and change. The use of new technologies (e.g. Skype and so on) and even old technologies, such as telephone conferencing, to overcome what sometimes has been described as the ‘tyranny of geography’ seems to be limited in this study.

8.3 Future directions

The recent Commission for Rural Communities paper (2010: p6) also 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 important. The investment that lottery distributors make, as well as the work of the voluntary and community sector, is all well worth maintaining.”

On the one hand, there appears to be an absence of 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 that can work with the community to help them overcome the ‘bleak’ futures that some participants anticipated.

However, the existing level of networking and intra- and inter-sectoral collaboration in East Sutherland, and Sutherland more generally, is a strength. Its importance for the future of the region is suggested by the multi-sector involvement in the recent Sutherland Summit and the ongoing process of creating a Sutherland Development Plan. Further, there are a number of potentially promising and future-orientated opportunities which could provide the basis for strengthening the community resilience. For example: 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. And the persistence and commitment of the sectors’ workforce (staff and volunteers) to the people they work with, and their region, is an important asset to build on.

Finally, as this is a pilot study, we close with a number of suggested areas for further research on the third sector in the Highlands and Islands:

- Continued monitoring of the sector, to track through the impacts of public sector funding cuts and economic change, and help fill the gap in longitudinal research that currently exists in this area;

- The third sector and public sector targets: what is the contribution of the third sector to meeting public sector outcomes, targets and other goals? Is there a role for more social return on investment studies of the sector?
- Networking in rural service delivery: what regional or subregional networks and partnerships exist between third sector and public sector organisations? how are they created, promoted and sustained? How can they best be supported to achieve economies of scale ? What models of partnership working might be more effective? And in what fields and which locations??
- Future funding: what support do third sector organisations require to adapt to growing financial and policy uncertainties?
- Community development and the third sector – how will public and third sector bodies work together as equal partners to achieve outcomes which promote resilience and the sustainability of fragile communities ? What part will the Highland Compact play, and to what effect ? How can intra-and inter-community learning and sharing of good practice be facilitated across sectors
- What is the role of technology in helping the third sector in geographically remote and dispersed communities, such as Helmsdale, to overcome some of the geographical challenges? A gathering of current practice might promote learning about which types of technologies are useful for what types of services/communications.

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Appendix 1: Semi structured interview schedule

Section A: Background Information

- 1) Name of organisation
- 2) Name of respondent
- 3) Designation of respondent
- 4) What are your organisation's objectives?
- 5) What service(s) does your organisation provide and to whom?
- 6) Location of organisation
- 7) What geographical area/s does your organisation cover ?
- 8) From what sources does your organisation derive its funding?
- 9) Numbers of paid staff and volunteers

Section B: Policy and Context

- 10) In what ways does your organisation contribute to the social and economic strength ? of the area in which it provides services?
- 11) In general, what factors have a positive or negative impact on your organisation's capacity to meet its objectives?

Section C: Challenges Linked to the Recession

- 12) Has the recession presented particular challenges for your organisation in terms of meeting its objectives?
 - a) If so, can you identify and explain the types of challenges in this regard which you specifically attribute to the recession?
- 13) What have been the implications and/or impacts of these challenges for your organisation in terms of the service(s) it provides?
- 14) What have been the implications and/or impacts of these challenges for users of your organisation's services in the community?
- 15) Is your organisation taking specific measures to address current challenges linked to the recession?
 - a) If so, can you explain the types of measures being taken?
 - b) If not, can you explain why this is the case?
- 16) Are there additional measures which your organisation may consider taking in this regard?
 - a) If so, can you explain the type of measures which it may take?
- 17) Are there specific challenges for your organisation arising from the recession which you anticipate occurring within the next three to five years?

- a) If so, what measures will your organisation be taking to develop its capacity to address these issues?

Section D: Opportunities Linked to the Recession

- 18) Has the recession presented particular opportunities for your organisation in terms of meeting its objectives?
 - a) If so, can you identify and explain the types of opportunities in this regard which you specifically attribute to the recession?
- 19) What have been the implications and/or impacts of these opportunities for your organisation in terms of the service(s) it provides?
- 20) What have been the implications and/or impacts of these opportunities for users of your organisation's services in the community?
- 21) Is your organisation taking specific measures to address current opportunities linked to the recession?
 - a) If so, can you explain the types of measures being taken?
 - b) If not, can you explain why this is the case?
- 22) Are there additional measures which your organisation may consider taking in this regard?
- 23) Are there specific opportunities for your organisation arising from the recession which you anticipate occurring within the next three to five years?
 - a) If so, what measures will your organisation be taking to develop its capacity to address these opportunities?

Section E: Organisational Support Mechanisms

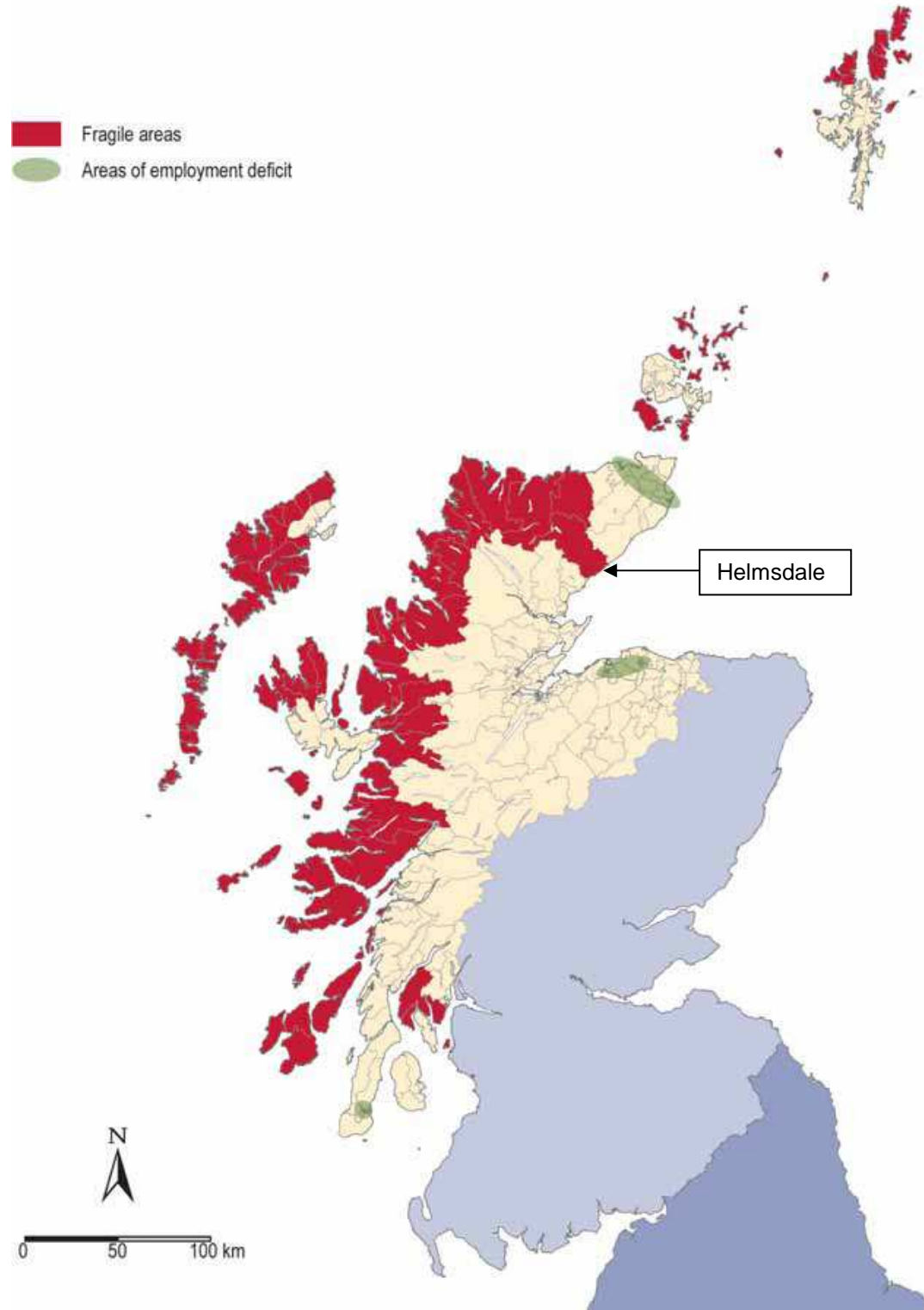
- 24) Are there particular support mechanisms, other than additional funding, which your organisation would find useful in assisting it to deal with issues related to the recession?
 - a) If so, can you explain what form such support mechanisms should take?
- 25) Are there particular organisations which might have a role to play in providing such support mechanisms?

Section F: Other Comments

- 26) Are there any other comments you would like to make?

Appendix 2: Fragile Areas

The map below shows all the areas of the Highlands and Islands categorised as “fragile” according to HIE’s criteria, and highlights Helmsdale.



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