

**Scottish Third Sector Research Forum
First Quarterly Meeting - 11 May 2010, Thistle House, Edinburgh**

In attendance:

Julianne Murphy, Scottish Government (Chair)

Geoff Pope, Third Sector Division

Sandy Watson, Scottish Enterprise

Ruchir Shah, (SCVO)

Antonia Swinson (SSEC)

Linda Boyes (ACOSVO)

Louise Meikleham (OSCR)

Alasdair Rutherford (VDS)

Fiona Robb (HIE)

Dee Fraser (ESS)

Jackie Killeen, Funders Forum

Alistair McCrae, Axiom Consultancy

Isabella Nowak, Axiom Consultancy

Gail Rogers, Scottish Enterprise

Tracey Houston, Third Sector Division

Apologies:

Eleanor Burt (St Andrews University)

Kathy Cameron (COSLA)

Gerry Higgins (CEiS)

Chris Higgins (HIE)

Kay Barclay (SG)

Minutes

No comments were received on the Forum minutes of 29 January, available on the Scottish Government website. All future minutes will be circulated to members with a two week window for comment before placing on the Scottish Government website.

Updates on actions from last meeting

- OTS Survey - "The State of Social Enterprise in the UK" - ownership of data and cost of additional data. The Coalition in London own the data. OTS can't respond because of the election. **Action - This will be revisited at a later date.**
- Question 17 in the OTS survey - As volunteers play a vital part in the success of an organisation, it would be useful to draw out more information from this question. **Action - OSCR, SCVO and VDS to consider the issue further.**
- HIE working with the University of the Highlands and Islands Millennium Institute on the impact of the recession on the community of Helmsdale (fragile and remote). Report circulated 28/05/2010
- CEiS - Autism Research Venture. **Action - Julieanne/Kay to advise on research specification.**
- Forum members to consider any possible gaps in Forum membership. **Action - To be addressed in the context of the remit of the Forum on today's agenda.**
- Feedback to Forum Members on the Young Foundation event on 9 February at the Big Lottery. Dee Fraser circulated a short summary. An e-copy is available on request.
- Guidance on annual accounts. A recent report by Sencot and HIE showed that the dividing line between grants and contracts is unclear. SCVO had similar concerns in relation to its Third Sector statistics work with the SCVO Panel. **Action - SCVO to discuss with Graeme McKechnie of Scottish Government Procurement Division.**

Scottish Enterprise Research Policy

Gail Rogers, Manager, Economic Research, Scottish Enterprise

In addition to her current role Gail has recently taken on responsibility for economics functions within Scottish Enterprise and can provide further information if necessary. Gail's presentation centred around two papers (to be attached electronically) -

- (1) Economic Research in Scottish Enterprise - detailing strategic, operational and economic research and information provision.
- (2) Scottish Enterprise Policy for the Commissioning of Strategic, Operational and project Research. This was put in place last year to ensure a joined up approach to evidence based policy making.

Points Raised -

- Monthly review of 2000 AMC organisations to look at the effects of the downturn in real time - could this information be separated to look at third

sector organisations? **Action - Gail Rogers to check.** Information is collected approximately every 6 months from each company (approx 270 companies monthly) using a set template and questionnaire and the analysis split by sector

- Energy supply chain - could opportunities for the third sector be examined? Would community energy generation be too small to be involved? Strategic scoping is needed to determine which sectors have the most promise for maximum growth potential.

- To date there has been no apparent recognition of social enterprise as a business model. **Action - Gail Rogers to seek information on the research plan for this year (which is not yet finalised) and will get back to SSEC.**

OSCR and the Resilience of Scottish Charities Louise Meikleham (OSCR)

A research project has been undertaken on the resilience of Scottish charities - "A short study of resilience in Scottish Charities" - relating to both the recession, and the ability of organisations to return to form after change/challenges. It is difficult to directly associate the research to the economic climate, but the study can be a useful baseline study. The three month study, conducted by Axiom Consulting (Glasgow), focussed on OSCR data and the study has now been published on the OSCR website: www.oscr.org.uk.

Executive summary -

<http://www.oscr.org.uk/PublicationItem.aspx?ID=aea10d70-7f6b-47de-a6e1-9d909ae07a49>

Full report - <http://www.oscr.org.uk/publicationitem.aspx?id=ae614f30-5ba6-4d21-b80e-039678c609f8>

Charities profile characteristics and resilience were looked at to get an understanding of risk and success factors. All of OSCR's different database streams were analysed and cross-referenced for the first time, including information previously not examined. Coding frameworks were established for e.g. reasons for charities winding up.

Alistair McCrae, Axiom Consultancy

A summary of the study was circulated (attach electronically). Information in each information stream was collected in different ways. Three main areas were looked at -

- Financial health - strongest area of information, supplied regularly and useful to undertake time series analysis and see emerging trends

- Governance - key to setting the strategy and moving the organisation forward

- Organisational triggers - resulting in removal from the register

Financial Health - Information dating back to 2007 for gross annual income was tracked back for (1) organisations that had shown year on year growth (what were they doing differently?) (2) organisations with static gross annual income, and (3) those where income had declined. Subanalysis was carried out on five income bands. The profile for ceased charities compared to active charities showed a high number of very low income organisations (<£2K).

Governance - Data was less comprehensive for management capacity but a number of key insights could be gained by considering number and stability of trustees; organisations that received QP letters (don't meet all of the current filing requirements), and those with non-submissions. These are all generally small and within smallest band of income.

Risk analysis looked at three areas - poor liquidity; adequacy of Governing Board, and sudden growth/contraction. These key variables occurred repeatedly, but it was challenging to pinpoint why. Alternative qualitative sources of information were needed such as the free text questions in the documents completed if an organisation was going through a reorganisation. Four or five sources were used. Approximately 1000 organisations were taken off the register. This is not unusual indicating that the sector looked relatively stable, although there may be a time lag effect of the recession. ONS figures for numbers of dropout companies is around 9%. The figures for charities ceased in the same year is also around 9% and therefore appears to be very similar to the wider economy.

Overall five distinct themes came through from the study -

- Governance capacity
- Trustees (skill set important and ability to spread risk)
- Income (those with higher levels can afford to train trustees)
- Lowest incomes (<£2K) suffer most (£10-25K outperform the sector with higher growth and trustee numbers)
- Areas of service delivery (those with wider geographical focus have greater growth. Those operating in Local Authority areas generally do better than those in neighbourhood groups - different revenue streams available etc. Potential to grow important).

Points raised

- The report was published last week with a policy statement. It will also be available on the evidence library. **Action - OSCR to forward link to all.**
- There are limitations on the way that the information can be used because of the way it is captured.
- There will be overlap between this study and the State of Social Enterprise survey.

- Need to focus in future on further research internally and with others.
- Issues of causality might be difficult to identify. There is much anecdotal evidence, but more factual evidence is sometimes lacking (e.g. trustees numbers and skills etc). Definitional issues also exist around 'trustees'.
- Adaptability, flexibility, innovation - what is the impact of these? Ties in with governance - difficult to show - SMART objectives (some orgs more aware than others), trustees annual report document useful as a business planning tool
- Change in priorities due to change in public services. There might be a lag effect with third sector organisations. Organisations may need to change to meet new demands. The information that is available won't be able to identify this.
- The data isn't broken down by geography. The impacts of different Local Authorities would have been useful.
- Overall this is a useful baseline study that shows that the data has been stable for 2007,8 and 9.

Review of Forum Remit and Membership **Julianne Murphy**

It was agreed that, whilst the current remit was working well (with Forum members informing each others research), it might be helpful to specifically reflect in the remit the need for SG research to be informed by the group.

The list of members was updated to reflect current membership. Julianne proposed Professor Stephen Osborne, Professor of International Public Management at Edinburgh University, Co-director of the Centre for Charitable Giving and Philanthropy and Associate Director of the Third Sector Research Centre as a new member and this was unanimously agreed. **Action - Julianne to invite Stephen Osborne to join the Forum**

It was agreed that whilst it would be useful to have a sectoral research focus, the size of the Forum needs to remain manageable. It was agreed that themed meetings may be helpful with occasional invited guests from various sectors (health, energy, transport etc). An invite would be issued to Angela Jackson from NHS Health Scotland for the September Forum. **Action - JM to contact Angela Jackson**

Scottish Enterprise - Role in Relation to Social Enterprise (including Business Gateway) **Sandy Watson**

Scottish Enterprise is Scotland's main economic development agency. Its primary customers are Scottish businesses with the capacity and ambition to grow and succeed at home and abroad - including social enterprises. Support is tailored to the needs of the businesses and industry sectors we work with.

Scottish Enterprise works with partners - to support a competitive business environment, helping growth of businesses and industry sectors; to improve physical infrastructure; to make links with markets at home and abroad; to encourage higher standards of leadership, innovation and research and development; to improve access to investment funding.

Scottish Enterprise offers connections to - expertise; help to access new markets, opportunities and investments; funding for specific initiatives.

Where appropriate, Scottish Enterprise can offer a one-to-one account managed approach to business development support. Scottish Enterprise also works with a wider company base offering a range of support services.

While Scottish Enterprise and Business Gateway and the Aspire to Enterprise programme work towards continuous, integrated business development support and share certain products and services, there is a need for better integration of third sector support services overall.

www.scottish-enterprise.co.uk
www.strengthenyourbusiness.com

Also see www.bgateway.com

Points raised

- HIE agrees that the landscape is cluttered and that integration is needed
- It would be useful if the Business Gateway could record third sector provision and make links with SSEC and other intermediaries.
- Information on the Gateway on the SSEC website would be helpful. Sign posting could also be done from single interfaces, LSEPs etc. The language used needs to be carefully considered to encourage use by third sector organisations and areas of good practice are needed.
- One-to-one support is often requested, but often not practical. Local workshops are available that could be useful to third sector organisations, but there is a perception issue by organisations that they would not register as a priority with the Gateway.
- It was noted that health and social care are not included as Business Gateway priorities, but these areas will become increasingly important in the future.
- Scottish Enterprise is currently considering how best to represent social enterprise and the third sector within its enterprise strategy. **Action - Forum members to contact SW directly with views and ideas.**

Members Data Needs **Julianne Murphy**

Quantitative Data

There was a large response from Forum members in terms of data needs, which are diverse both in methodology and scale. There are a number of

data sources including, TSRC, Scottish Household Survey, C-GAP, National Indicator etc. A large A3 spreadsheet has been compiled and an accompanying summary document will be shared before the next meeting on 1 June. This will allow consideration of what is available currently and identification of gaps.

ESS - data needs are specific to ESS.

SCVO - data/stats (primarily financial information) are used to inform policy (size, shape, scope, turnover, funding distributions, staff costs etc). This mirrors SG needs (particularly within thematic areas e.g. turnover in social care etc).

OSCR - needs are linked with their regulatory remit and research and evaluation plan.

VDS - needs centre around supply and demand on volunteering (characteristics of volunteers, types of activities and organisations). The Scottish Household Survey doesn't entirely fulfil VDS or SG needs as it stands, but there are many demands on the survey in terms of policy needs. The questions have been improved but the sample size is an issue.

SSEC - needs centre around size, shape, turnover and sector. Social enterprises in Scotland do not have distinct quantitative data. In the UK 62,000 organisations are turning over 1% of GDP. The State of Social Enterprise Survey is unsatisfactory for Scotland's needs. Standardised figures are needed. Sectoral research is also needed. The third IPSOS Attitudinal Survey of the general public planned for August is looking for a change from the previous questions. Additional questions could also be included. **Action - suggestions to SSEC requested from Forum members.**

Scottish Government - needs mirror those of SCVO and SSEC. Robust data is needed on the size and shape of the sector, sector and organisational type. There is a need to establish if policy is effective. Information is needed on the public sector spend with the third sector. The Scottish Household Survey is a source of information on volunteers from an individual perspective, but this is also needed from an organisational perspective. Rural services and retail are big areas for the third sector in Scotland. Research will help to identify growth areas for SG investment. SROI will also be useful here.

HIE- Quantitative data needs are focused on account managed clients. Wider research is required to inform policy.

ACOSVO - the members survey captures members information, including details of issues, mergers etc. Qualitative data is also important as this will also help to inform policy. At the moment there is more focus on quantitative data in order to mirror that available down south.

Funders Forum - needs are similar to SG and SCVO

It was agreed that overall, research needs to be done/used more effectively, particularly in light of the current financial climate.

AOCB

Meeting - Quantitative data on Third Sector June 1st 10.30am Thistle House

- Members were invited to attend this short meeting to discuss the SG quantitative data mapping exercise and to identify gaps in data and ways forward.

Date of Next Meeting

· **The next full meeting of the Scottish Third Sector Research Forum will be held on 14 September in St Andrew's House, Edinburgh at 10.30am.** Updates will be provided on Scottish Government research on (1) Evaluating the Success Factors for Establishing a Thriving Social Enterprise, and (2) the Opportunities and Challenges of the Changing Public Services Landscape for the Third Sector in Scotland - a Longitudinal Study.