

GLASGOW 

Social Economy Partnership

BEATING THE DOWNTURN



**A report on the findings of
a special conference to
explore the impact of the
recession on Glasgow's
social economy**

Chaired by Stephen Naysmith
Editor, **The Herald** Society


Developed and managed by Glasgow's voluntary sector

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Background to the Conference

As Britain, along with the rest of the developed world enters an economic downturn, the impact is being felt far and wide. The Third Sector is of course not immune to its effects. The paradox for many social economy organisations, however, is this: as more and more people find themselves either unemployed or in financial difficulties, the demand for the services of many organisations particularly in the financial inclusion and crisis management sector is on the increase. Ironically these organisations themselves are experiencing financial difficulties which place their very existence in jeopardy.

In particular many organisations rely heavily on their reserves which of course grow with the accrual of interest. With cuts in interest rates to unprecedented lows of 0.5% this has placed many organisations in a precarious financial position, with their operating reserves dwindling. Other detrimental effects include the dramatic drop in public and corporate donations to charities together with many sources of grant funding closing their programmes to new applications.

It is against this backdrop that Glasgow Social Economy Partnership took the decision to draw together a cross-section of policymakers, funders, support practitioners and representatives of the social economy to explore the impact that the downturn is having on Glasgow's Third Sector. These representatives also debated possible joint actions which would not only lessen the negative impact on services but sustain them through the downturn and indeed strengthen them against future crises.

This report highlights the main points raised by the keynote speakers from their various perspectives, the debates which took place in the conference workshops, and finally the recommendations and actions which arose from these and the plenary session.

David Logan
Development Manager
Glasgow Social Economy Partnership

May 2009

Keynote Speakers

Jim Cunningham

**Assistant Director, Economic Regeneration,
Development & Regeneration Services, Glasgow City Council**

Jim set the scene by illustrating how both globally and in UK terms, economic forecasters and financial institutions had misjudged or failed to see the impending recession. He indicated that even now economic forecasters and political commentators were presenting conflicting views as to the extent to which the downturn would impact on the economy.

There were of course some irrefutable indicators such as the rise in unemployment, the near demise of major financial institutions with their only being saved from collapse by an injection of cash from the government, their subsequent unwillingness to extend loan finance to businesses, and the knock on effect this was having on the construction, retail, and service sector's ability to trade. Most forecasters agree that these trends are set to rise for the foreseeable future.

A recent Local Government Association survey, though mostly English-based, still has a resonance in Scotland. It has indicated an expected 90% increase in demand for services, (mainly welfare- and debt-related). 86% of local authorities expect they will fail to meet local agreement targets and 70% have reported an increase in demand for third sector services, leading to increased pressure on services dealing with issues such as homelessness, money and debt advice, homecare, health and stress-related problems. Many of these services are delivered on a contractual basis for the local authority by the third and private sectors.

In Glasgow this situation is further compounded by the challenge facing the Council to meet its Single Outcome Agreement targets such as the creation of 17,000 extra jobs by 2011, an increase in the employment rate to 71% by 2011 and a 25% reduction in 'key benefit' claimants.

The presentation however concluded with some positive news for the future. Glasgow has been successful in winning the right to host the 2014 Commonwealth Games which will lead to investment and growth opportunities for the city. This, coupled with retail sector development and the development of the city's riverside, will hopefully contribute to a return to more financially stable times for the city, and consequently for the social economy.



Jim Cunningham addresses the Conference

Nick Bailey

**Senior Lecturer,
Department of Urban Studies, University of Glasgow**

Nick gave an overview of what the likely impact of the recession would be on our communities. Quoting the Fraser of Allander Institute's prediction that not only would Scotland enter recession in 2009 but that it was likely that it could be as severe as the recession of the 1980s, this was further compounded by the assertion that recovery would not begin until 2011 and would remain below trend in 2012.

The main social impact on communities would be caused by rising unemployment and the consequential growth in social problems such as material deprivation, impact on health both physical and mental and rising trends in crime and domestic violence.

Amongst the hardest hit would be those already in economically disadvantaged positions such as minority ethnic groups, the disabled and single parents. Further to this, Nick contested that unemployment has a long-term 'scarring' effect on communities with that scarring being at its worst amongst young people. Against this backdrop it was highlighted that publicly funded services would play an increasing role in the lives of the population. Issues like homelessness, indebtedness, health and family breakdown were widely addressed by voluntary sector organisations either independently or under contract to public agencies. The impact of decreasing support funding to these services would have a detrimental effect on an already overstretched sector

Political attitudes can also change in times of recession with a 'blame culture' emerging in some areas of society. For example, an intolerance of economic migrants, ethnic minorities can begin to foment. Alternatively, recession can instil feelings of solidarity and a sense of 'fairness' can grow in our communities in terms of prioritising the provision of help to those hardest hit by the downturn.

Nick ended with a quote from the late US President John F. Kennedy *"The Chinese use two brush strokes to write the word crisis. One brush stroke stands for danger; the other for opportunity. In a crisis, beware of the danger but recognise the opportunity"*



Nick Bailey

Helen Macneil

**Chief Executive,
Glasgow Council for the Voluntary Sector**

Helen's presentation focussed on the contribution which Glasgow's Third Sector made to the city. It has over 850 voluntary and community organisations with paid staff numbering around 23,000, and at least twice that number of organisations run purely on a volunteer basis. Around half of Glasgow's Third Sector organisations fit the GSEP definition of social economy, translating to at least 12,000 paid posts and bringing around £400 million per annum into Glasgow's economy.

Helen went on to outline what the impact of the recession was likely to be on the sector, highlighting issues like shrinkage in individual giving, reductions in, or standstill funding awards, withdrawal of corporate sponsorship, diminishing value of reserves as a consequence of unprecedented reductions in interest rates. The effect of these detrimental occurrences has been that organisations have used up reserves, cut back on overheads and consultancy services and reduced staff numbers by not replacing posts.

The question was then posed as to whether the recession could lead to the demise of the sector or in fact lead to its invigoration. Either outcome would be dependant on several key factors: the duration and severity of the recession; the sector's capacity to engage effectively with public agencies to jointly develop responsive services; and a consequent recognition of the worth and value of the sector by those public agencies.



Helen Macneil CEO of GCVS addresses delegates

Workshops

Conference delegates split into workshops whose composition was intended to reflect a mix of policy makers, funders, support practitioners and representatives of the sector itself. Each workshop was asked to discuss three questions and come up with key actions which would address each of the issues.

Workshop participants were asked to explore the following issues:

- Identify the current and future threats to the sector and the city by the downturn
- Identify any opportunities and potential for joint working
- Identify key priorities needed to support the sector and its services through the recession

Some workshops addressed the key issues in differing ways. Some adopted the approach of rolling the questions into one debate. Consequently there is inevitably some overlap with the findings however each finding is recorded to illustrate the continuity of thinking across participants. The key findings from the workshops were, therefore, as follows.

WORKSHOP 1 - Findings and Recommendations

- There is a need for the sector to “cluster” more effectively and connect more collectively with thematically similar organisations across the city resulting in the development of both common and wider agendas.
- Initiatives have to be developed to maximise the amount of monetary resources coming into the city to support the third sector. This includes improving the way that public agencies such as the local authority contracts with the sector.
- Need to fast track a Third Sector Strategy for the city bearing in mind that the vision is integral to the process and that the vision should be realistically based on what the city may look like post recession.
- The sector has to get better at making maximum use of the resources which it currently has at its disposal through joint working, achieving economies of scale, sharing best practice, and sharing research findings to inform better service delivery.

WORKSHOP 2 - Findings and Recommendations

- The Third Sector needs to embrace the business principle of placing the correct financial value on the work it does and to communicate this effectively (full cost recovery). Only by doing so will they be able to remain sustainable, or indeed achieve sustainability.
- There is a need to change mindsets, particularly in relation to the use of the term charity and the implications of ‘well meaning amateurism’ that prevails

in certain sections of society out-with the third sector. The sector has a responsibility to re-educate funders and others on the worth and value of what it does.

- The sector needs to gain greater recognition that it can make a huge contribution to the economic and social recovery of the country.
- The sector also has to educate certain funders on what funding actually means: long term investment as opposed to short term quick fixes.

WORKSHOP 3 - Findings and Recommendations

- There needs to be a concerted programme of capacity building in response to the changing environment in which the sector operates. This would include skills development, commissioning, community planning, the new voluntary sector interface, short term funding etc. enabling the sector to adapt to the changing requirements placed on them.
- There is an overall requirement to develop better and more consistent collaborative working.
- There should be a push on the implementation of key strategies such as the city's Strategic Volunteering Framework – highlighting opportunities for volunteering and where appropriate the link to employability.
- Increased investment to enable volunteer organisations to prevent long term scarring from unemployment through investment and skill building for volunteers.

WORKSHOP 4 - Findings and Recommendations

- Sections of the third sector need to take the opportunity to develop recession-orientated responses and services as a business case for funding.
- Avoid long-term damage to organisations and individuals through pushing for short-term 'safety net' funding such as that available through central government in England and Wales.
- Support the creation of local infrastructures (networks) for large and small organisations alike to share info, support and resources, to develop a collective voice and to develop solutions to local and broader problems.
- There need to be more think tanks like this event to promote a creative space for discussing change and radical thinking; more opportunities for thinking outside the box such as the piloting of an alternative to business models.

- To achieve the above there is a need to develop a city-wide strategy for growing the social economy involving consultation with a wide range of stakeholders.
- Better alignment of funding strands and support services to address recession issues faced by the sector.



Plenary Session

The event reconvened in plenary session, to debate and prioritise the findings from workshops into Action Points to take forward from the Conference.

Main points from debate

General feedback focussed on the positive discussions which were reported from each of the workshops. There was a collective sense that we were 'all in this together' and that solutions could be found to support the sector through the recession.

Positive experiences were voiced around the development of collective support structures in the city through local voluntary sector networks. Mechanisms such as this can be effective in relating directly to Community Planning, local support agencies, and informing other public agencies of local issues.

The GSEP Support Service Providers Forum was flagged up as a successful mechanism for sharing information, best practice and joint-working amongst support service providers across the city. Two of the five voluntary sector networks across the city have joined the Forum and are represented by their development workers.

There were a number of suggestions that the best way to demonstrate the effectiveness of the sector in terms of its impact was to develop a portfolio of case studies which could illustrate the wide range of services on offer and that there was general agreement that the sector was good at highlighting concerns and responses from communities owing to its grassroots links. This could be useful for commissioners of responsive services.

It was generally agreed that some of the language used by the sector and indeed the proliferation of terms to describe the sector itself were not helpful and created confusion in many cases.

Another reality to be faced was that in some cases the sector was not good at selling itself, particularly in terms of the added value that it brought to service delivery.

Dangers were highlighted around the fact that as third sector organisations essentially deliver services, a squeeze on businesses during the recession could lead to the private sector turning to these markets and providing competition in areas which previously were of little interest to them.

Conference Action Points

The Conference agreed the following as priority Actions:

- **Requirements have to be met throughout the recession to provide ongoing infrastructure support for both large and small third sector organisations with the aim of developing consortia, developing a collective voice and sharing best practice and resources.**
- **Recession-oriented responses require development, particularly in the fields of contracting, service level agreements and short-term crisis funding to enable continuity of service provision. This has to reflect the actual financial value of the service by applying and accepting the principle of full cost recovery.**
- **The sector should be supported to adapt to the changing environment. In particular, support should be provided to enable them to meet the requirements of contracting, sub-contracting and developing a business model approach to sustainability.**
- **There is a need for a cultural shift in the eyes of policy makers, funders and public agencies away from the image of the third sector as an “add-on” to recognition of the central role it plays in society and the huge contribution it can make to providing innovative solutions to some of the negative impacts the recession is having on our communities.**

Where to now?

In the midst of recession, collective responsibility will be required to find and implement solutions to the negative effects of the downturn on third sector services. 'Buy-in' to this principle is therefore required from all stakeholders.

All of the discussions around the sector and the recession take place in the context of national and local strategies such as Glasgow's Single Outcome Agreement and the Scottish Government's Enterprising Third Sector Action Plan. Both of these afford recognition to the worth of the sector and its potential to contribute to economic recovery while at the same time offering solutions to some of the most detrimental effects of the downturn on many of Glasgow's citizens.

The Action Points from this conference provide guidance for what needs to be done to enable Glasgow's Third Sector, and the city's strategic partners to move forward with the development of the third sector in this context

Glasgow Social Economy Partnership as a strategic partnership will reflect the Actions in its own work-plan for 2009-2011

Additionally the Actions can be used as lobbying tools to influence future policy decisions, to develop strategies and to inform research. They can also be taken to local forums as items for debate and act as a guide for local decision-makers in the allocation of resources

The final "word of wisdom" goes to management consultants Price Waterhouse Coopers who have likened recessions to pit-stops in a Formula 1 Grand Prix. "Those organisations that use the time to reassess their position will emerge stronger, and those that don't will fall further behind."

Beating The Downturn - attendees

Name	Organisation/Agency
Allison Eccles	Glasgow Community Planning Limited
Allison Davis	CEMVO Scotland
Jeanice Lee	CEMVO Scotland
David Irving	Charity Bank Ltd.
Anne Gibson	Community Food and Health (Scotland)
Neil Lovelock	Community Recycling Network in Scotland
Jim Cunningham	Glasgow City Council – Development & Regeneration Services
Anne McKenna	Drumchapel Disabled Action
Stephen McGinley	Drumchapel Law & Money Advice Centre
Peter Russell	East End Healthy Living Centre
Pauline Edmiston	Faith In Community Scotland
Leah Middleton	Flourish House
Helen Macneil	Glasgow Council for the Voluntary Sector
Helen Scammell	Glasgow Council for the Voluntary Sector and GSEP Chair
Liz McEntee	Glasgow Council for the Voluntary Sector & Glasgow Compact
Anne McChlery	Glasgow Building Preservation Trust
Ailsa Milne	Glasgow Building Preservation Trust
Eddy Percy	Glasgow City Council – Development & Regeneration Services
Robert Stewart	Glasgow Furniture Initiative
Paul Turnbull	Glasgow Homelessness Network
Jacqueline Thomas	Glasgow Mentoring Network
David Grant	Glasgow North Regeneration Agency
Elizabeth McKenna	Glasgow Social Care Providers Forum
Charlie Barker	Glasgow Social Care Providers Forum
Nicola Angus	Glasgow South West Regeneration Agency
Caroline Glen	Glasgow West Regeneration Agency
Rob Pryce	Glasgow West Regeneration Agency
Liz Logan	Glasgow Works
David Logan	Glasgow Social Economy Partnership
Stephen Naysmith	The Herald – Society Section and Conference Chair
Jane Boyd	Renfield St.Stephen's Centre
Kam McMillan	Rosemount Lifelong Learning Centre
Ruth Hutton	Scottish Government – Third Sector Division
Julian Clarke	Volunteer Centre Glasgow
Bronagh Gallagher	West & Central Voluntary Sector Network
Nick Bailey	Department of Urban Studies, University of Glasgow

Beating The Downturn – Acknowledgments

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Fiona Mowatt for her notes at the Plenary Session

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Glasgow Social Economy Partnership is a strategic partnership of agencies and other stakeholders brought together to support the development of Glasgow's Social Economy. Its current membership comprises of the following:



- [Glasgow City Council Community Planning Section](#)
- [Glasgow Council for the Voluntary Sector](#)
- [Glasgow's Regeneration Agencies](#)
- [Community Enterprise in Scotland](#)
- [NHS Greater Glasgow and Clyde](#)
- [Volunteer Centre Glasgow](#)
- [Glasgow Chamber of Commerce](#)
- [Skills Development Scotland](#)
- [Faith in Community Scotland](#)
- [Glasgow Social Care Providers Forum](#)

For more information on the work of Glasgow Social Economy Partnership visit our website at:

www.gsep.org.uk