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**THIRD SECTOR** network

## North-east Third Sector Survey 2012

*Non-profit Enterprises*  
Third Sector Network  
*North-east*



**Technology Strategy Board**  
Driving Innovation



Robert Collier  
Chief Executive, AGCC

## Foreword

Members' needs are at the heart of the work of the Aberdeen & Grampian Chamber of Commerce and, as a result, we have formed a range of sector-interest groups from within our membership of around 1,200 organisations allowing us to target specific needs with increasingly tailored services and benefits.

As part of these services, the Chamber is publishing a series of surveys to provide sector specific research on businesses in North-east Scotland; the fourth of which covers the *Third Sector*.

The aim of this survey is to highlight the importance of the *Third Sector* and deliver a general overview of the services provided including social and health care, social enterprise and trading.

Our conclusion is that *Third Sector* organisations in Aberdeen City and Shire depend on a variety of sources of revenue and income. While a significant number mainly provide a public-sourced service, this is increasingly under threat. There is little capacity to take on more work from the public sector. Organisations and social enterprises depend primarily on trading, membership and corporate fundraising which spread risk more effectively.

Volunteering is also important to the *Third Sector* with as many as 40% of the workforce being volunteers. This helps to reduce costs and provide much needed help in a time of fewer resources and it also has the advantage of providing training and work experience for the volunteers.

Interestingly, 80% of respondents had recruited in the past 12 months, with 31% doing so because they required more staff. *Third Sector* organisations typically spend between 5% and 10% on training but less than 1% on marketing/advertising. The satisfaction with the level of public awareness and value of the sector's activities appears to be low and much more use should be made of social media as a low cost option. Participant organisations want to collaborate more and this should be encouraged. Overall it appears that the sector appears optimistic for the future.



Bob Collier  
Chief Executive

Your Chamber.  
Your Network.  
Your Opportunities.



## North-east Third Sector Survey

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The cover image for the survey report. It features a close-up of a person's hands holding a document with a grid pattern. In the background, there is a silhouette of a group of people holding hands, set against a warm, glowing light source, possibly a sunset or sunrise.

# North-east Third Sector Survey

## EXECUTIVE SUMMARY

- 54% of responding organisations in the Third Sector provide a service related to social or health care and 20% of organisations that responded are social enterprises.
- 77% of organisations that responded trade goods and services to the public. This is an important finding because it indicates that while the sector operates mainly a not-for-profit model, trading is an important source of income.
- Based on responses, 60% of staff in the Third Sector are paid while the remaining 40% are volunteers. These findings reiterate the importance of volunteering in the Third Sector.
- Organisations have witnessed more success, or witnessed no adverse change, on key performance factors. However, for several organisations, attracting funds from the private and corporate sources has proved difficult.
- Over 60% of responding organisations have a marketing budget, but for nearly 70% of this, the marketing budget is modest at less than 1% of annual income.
- Over 80% of responding organisations recruited staff in the past 12 months, either as a result of replacement or to increase the size of the workforce, indicating robust activity in recruitment within the sector.
- Many organisations are highly concerned about potential drop in income from public sources as well as private and corporate sources, however many are generally confident that their objectives will be met for the next 12 months.
- There is noticeable concern about lack of public awareness of the sector's services, and 30% of respondents suggest that the sector should prioritise creating awareness of its services and the value it adds to the community.
- 45% of responding organisations expect to network more, making this the most popular strategy for the future. In addition to networking, collaborating with other operators in the sector (for example through resource pooling) appears to be an area of interest to many.
- Capacity in the sector appears to be well utilised as only 23% of respondents say there is available capacity to cater for several more users. 39% of respondents are overstretched, 20% are operating at optimal capacity, and 15% could cope with some additional users.
- The use of social media to communicate with an organisation's audience appears to be prevalent in the sector. 25% of respondents always use this medium and 34% often use it. However, 29% use it only sometimes, and 12% rarely use it.



The Third Sector is not just about care and volunteers, it's also about providing services such as those provided by SCARF advice and information, third party intervention to install insulation, to help improve the energy efficiency of properties and reduce impact on the environment and work to eradicate fuel poverty.

The concern that the Third Sector will fill gaps in local government delivery without the proper level of resources.

The following concerns, turned around are the 'ideas', the way forward: That the rhetoric of networking, joint working and partnerships is not realised in reality. The voluntary sector simply continues to operate in silos. That some of our number continue to 'play at' enterprise. That as Social Enterprises grow and make money, they either forget or allow their social purpose to become secondary.

I'm concerned that when times are tough supporting charities can be one of the first things to be affected. Also, it concerns me that people don't realise just what a huge employer the Third Sector is in the North east. More awareness of the sector is needed. The North-east isn't just about the oil industry!

The dominance of the two large cancer charities and their close relationship with the mainstream media in Aberdeen. Most major donations are sent in their direction. They are not at fault but other charities are not receiving fair exposure.

Is there sufficient funding for it to grow? Need to be realistic about services needed and value they offer. Needs awareness about the value of what is done, need to deliver current services well and efficiently before it can be grown. Public sector needs to recognise value for money and added benefits of working with the Third Sector. Most importantly the value of preventive spending. To grow should maybe help support smaller charities out of the shadow of the few large ones?

Procurement systems could be easier for Third Sector. Local authorities seem to generalise procurement too much and forget the specifics of the tender area.

I see more value in networking with businesses than with other voluntary organisations, who are essentially my competitors. I would like to see more opportunities for charities linking with businesses and promoting their work in the Chamber.

Major concern is rapidly growing demand for services while funding continues to be cut.

# North-east Third Sector Survey

## Introduction

The Third Sector in North-east Scotland is the focus of the fourth survey in a series of research surveys being undertaken by the Aberdeen & Grampian Chamber of Commerce. The remit of the research is to undertake an economic performance, issues and optimism overview of the Third Sector in North-east Scotland, utilising a variety of information resources and tools. Similar to previous sector surveys, this survey focuses on the state of the Third Sector in North-east Scotland by giving a profile of organisations in the area based on the sampled population. The report provides detailed descriptive analysis of current performance in the sector as self-assessed by participating organisations, and also identifies issues and current factors affecting organisations in the sector within the region. Finally, the report looks at concerns, optimism and confidence for the future and identifies the sector's priorities as identified by respondents. The content of the survey itself was informed by consultation with stakeholders in the sector prior to the formulation of a questionnaire, and should therefore reflect the issues that are of relevance to the sector now and in the future.

Sixty-four contacts from the Chamber's Third Sector database responded to the survey out of 79 invited to participate. The respondents have provided useful insights into trends, issues and concerns affecting the sector drawn from the responses. This report does not seek to provide any complex or comprehensive analysis of the state of the sector, but rather to provide a descriptive overview of the sector as perceived by the stakeholders, and to identify its key issues, concerns and prospects. The use of the information presented in here should therefore be used accordingly, particularly to inform further and more in depth enquiry where desired.

to those that are associations and societies. As a result, this is a broad sector and this is evident in how varied responses were to the issues that were raised. However, it was still possible to aggregate responses and identify common patterns and trends, given that the survey was designed to be generic and not core-activity specific. Therefore, all sections in this report should be of interest to the overall sector





## Respondents' profile

54% of responding organisations said that they are mainly engaged in providing a service or product relating to social and health care.

54% of responding organisations said that they are mainly engaged in providing a service or product relating to social and health care. It would appear that this is the predominant activity within the Third Sector in North-east Scotland. An equal percentage (14%) of organisations said their main activities related to culture and heritage and education, training and employment. Other main activity clusters are environment and conservation (8%), international development (6%), and information/advice services (4%) (F1).

Respondents were asked to select from a range of choices their organisational category or type. The responses show that the majority of organisations in the sector consider they are a core charity in addition to their primary function. 52% of respondents selected the option "charity" either as their sole organisational type or in addition to another category. Similarly, 20% selected social enterprises and 13% selected not-for-profit associations in varying combinations with other choices (F2).

77% of organisations said that they traded to the public and only 23% said that they did not.

All organisations were asked if they had a trading function or traded goods/services to the public, and from the responses, it would appear that the majority of organisations in this sector explore trading as a means of income. 77% of organisations said that they traded to the public.

Traditionally, because of their business models, organisations in the Third Sector are known for their high levels of volunteer staff. However, the sector also employs a significant number of

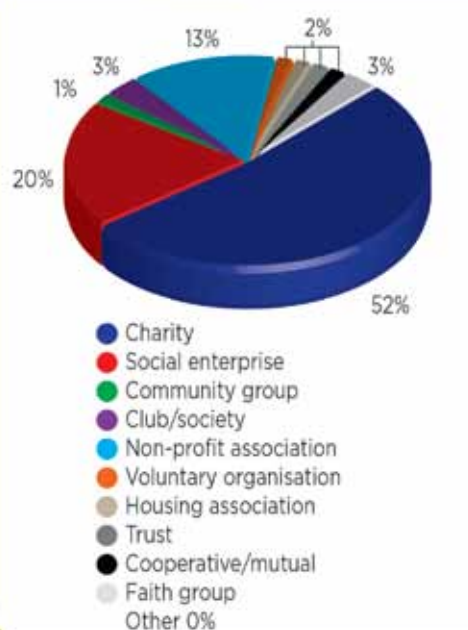
### F1. Organisations by area of main activity

Q. In which category would you classify your organisation's main activities?



### F2. Organisational type

Q. In which category would you generally classify your organisation?





people in a non-volunteering capacity and overall accounts for one in five of total employment in Scotland, as highlighted by a previous Scottish Executive publication. The results in F3 show that 39% of organisations employ between 10 and 49 paid staff, 23% employ between 50 and 249 paid staff, another 23% employ between one and 9 paid staff, and 15% employs more than 250 paid staff.

Going by common employee size classification of organisations, it can be seen that the majority of organisations in this sector in the North-east are small to medium sized. Comparatively, the results are similar when the total number of staff (including volunteers) is considered. Organisations with between 10 and 49 staff make up 40% of respondents, followed by 26% of organisations who have between 50 and 249 staff (F4).

“Overall, results show that about 60% of staff in the sector are paid while the remaining 40% are voluntary. Therefore half of workers in the sector are paid, but a significant percentage is made up of volunteers.”

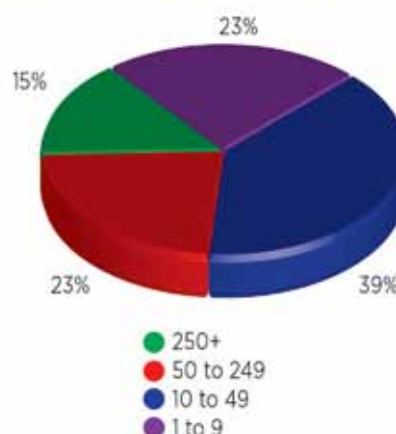
Overall, results show that about 60% of staff in the sector are paid while the remaining 40% are voluntary. Therefore more than half of workers in the sector are paid, but a significant percentage is made up of volunteers.

Organisations were asked what percentage of their business is based in the North-east. It would appear that majority of organisations in the sector are mainly local to the region or have a high percentage of local activity. 45% said all of their operations were based in the North-east while 31% said that between 50% and 99% of their activity is in the North-east. Only 24% said their activities in the North-east constituted less than 50% of their organisational operations (F5).

To represent organisational activity in context, organisations that had activity and operations outside of the North-east were asked to provide

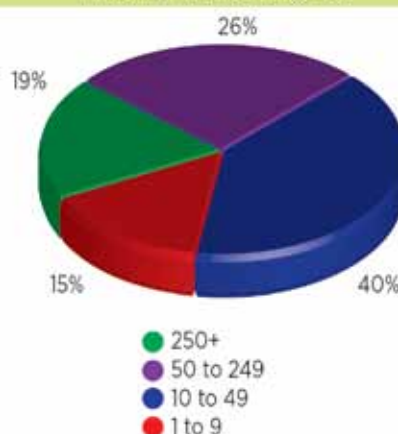
### F3. Paid staff

Q. Approximately how many paid staff do you currently employ in North-east Scotland?



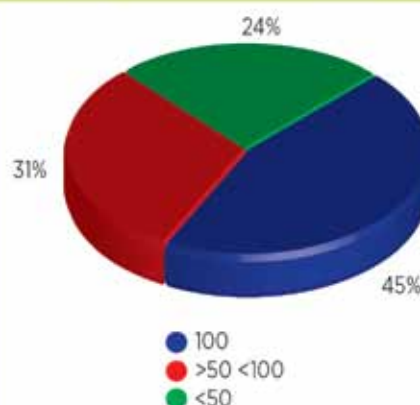
### F4. Overall staff size

Q. On the average, how many people worked for you in the last year in North-east Scotland? (including volunteer & agency)



### F5. Percent of operations based in North-east Scotland

Q. Approximately what percentage of your operation is based in North-east Scotland?



information on their geographic coverage, and the results show that 18% have operations internationally, 46% cover all of Scotland and 36% have UK-wide coverage (F6).

“45% said all of their operations were based in the North-east while 31% state that between 50% and 99% of their activity was in the North-east. Only 24% said that their activities in the North-east constituted less than 50% of their organisational operations (F5).”

F6. Paid staff versus all staff



## How is business?

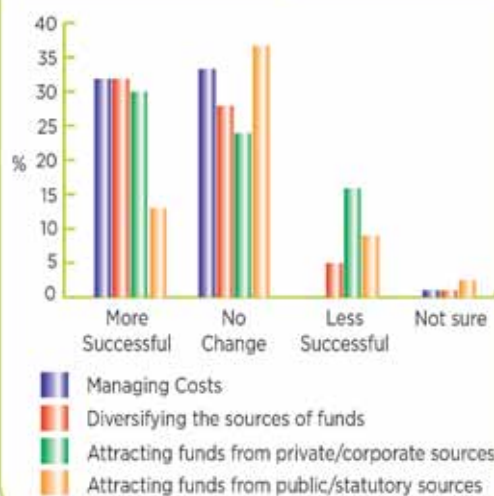
Organisations were asked how successful they considered themselves in achieving a set of key performance objectives. The period of comparison was between current performance and performance in the same period approximately 12 months ago. A significant number of organisations felt that they were performing more successfully now than they did 12 months ago, in all aspects measured, although fewer organisations felt that they had been more successful in attracting public/statutory funding. However the majority considered themselves to be performing in more or less the same way in the areas of cost management and fundraising from statutory and public organisations. The area of least success compared to 12 months ago, and based on the number of respondents, appears to be raising funds from the private/corporate sector. From these results, it would appear that private/corporate fundraising may be proving more difficult now than in the previous period 12 months ago, while there has been relative stability in fund raising from the public/statutory sector (F7).

From these results, it would appear that private/corporate fundraising may be proving more difficult now than in the previous period 12 months ago, while there has been relative stability in fund raising from the public/statutory sector.

Respondents were further asked to indicate how, given their responses above, the number of users and clients for services had changed, and the related change in resources available to provide services/products and to meet objectives. As F8 shows, the number of users and clients accessing services appears to have increased for the majority of responding organisations (about 50%) while for about 40% there has been no change and less than 10% have witnessed a decrease in users and clients. These changes are presented in comparison to changes in the number of clients and service users that respondents have experienced in the corresponding period. In F9

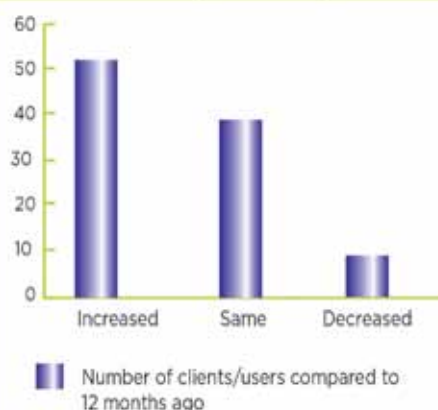
### F7. Performance now, compared to 12 months ago

Q. Comparing now to 12 months ago, how successful do you feel your organisation has been in the following areas?



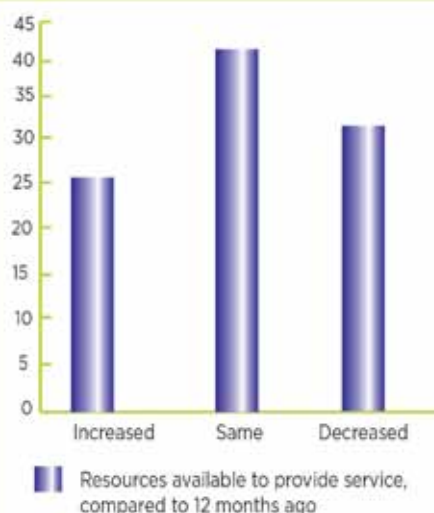
### F8. Number of clients/users compared to 12 months ago

Q. How has the number of users and clients for your service or product changed?



### F9. Resources available to provide service, compared to 12 months ago

Q. How have the resources available to you to successfully meet your service users/clients needs changed?



the change in available resources is shown, and as can be seen, 25% of respondents witnessed an increase in the corresponding availability of resources but over 40% of respondents said the resources available to them per client/user service provision had remained the same and about 30% that available resources had decreased.

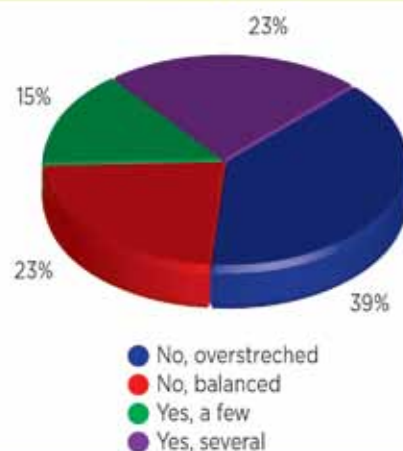
“40% of respondents said the resources available to them per client/user service provision had remained the same and about 30% that available resources had decreased.”

To further evaluate organisational capacity and resource availability in comparison to service provision, respondents were asked to indicate whether, based on available capacity, they could cater to more clients and users. F10 shows that up to 23% could cater to several more clients and service users. But the majority stated that they could not do so because they were at optimum (23%) or overstretched (39%). These results appear to be influenced by organisational type differences in the sector as capacity appears to be available more with social enterprise organisations and faith based groups. Since the research did not specifically differentiate between beneficiary users of a service and external customers, this may explain why social enterprises – with a higher trading content – appear to have more capacity. Responses from this subsector are likely to include available capacity to cater to more customers (F11).

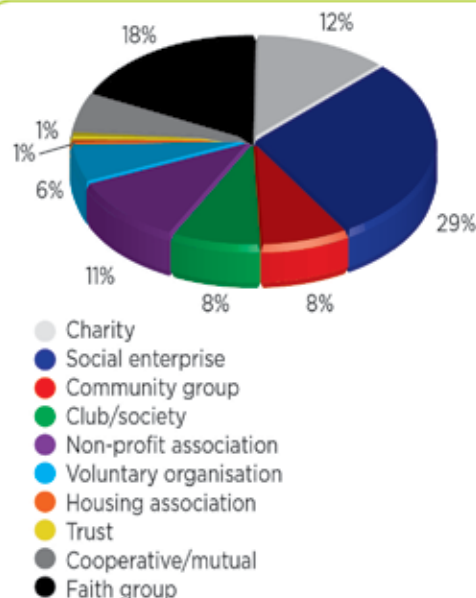
Asked to rate their level of satisfaction with key factors affecting their performance in the last 12 months, organisations' average ratings were slightly over 40% for satisfaction with availability of funds to meet objectives, slightly under 50% for satisfaction with help and support from support/statutory bodies to meet objectives, about 50% for satisfaction with the perceived value attached to their work and 45% for satisfaction with public awareness of their work. However many organisations rated availability of funds above the group average, while more organisations rated public awareness below the group average.

**F10. Available capacity to cater for more clients/users**

Q. Could you cater to any more service users than you are currently supporting, given the resources available to you?



**F11. Yes, could cater for more clients/users**



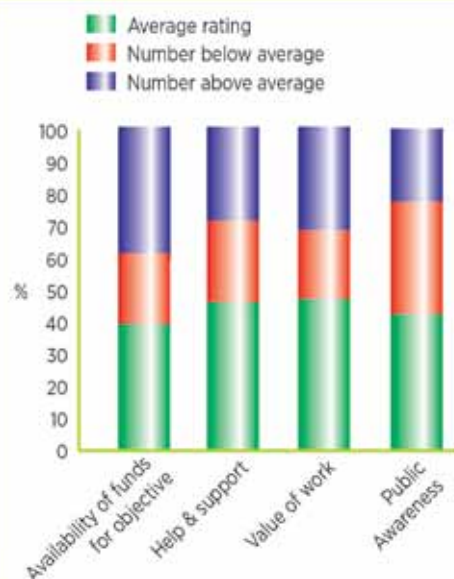


This shows that in general, the sector is not highly satisfied with the issues identified here, and many organisations are particularly sceptical about the level of public awareness for the importance and relevance of their work (F12).

A major issue identified in previous surveys was the negative impact of costs for the success of the sectors. Thus, in this survey, respondents were asked to provide information on the changes that they perceived had occurred in the previous 12 months in relation to costs. A breakdown of responses shows that in general, and as expected, organisations witnessed rises in costs across all areas. Particularly, the overall costs associated with delivering the service and product appears to have risen for the majority of organisations, followed by administrative costs. However it is also interesting to note that a significant number of organisations reported a drop in administrative costs, which would indicate that this was an area of target for cost reduction in many organisations (F13).

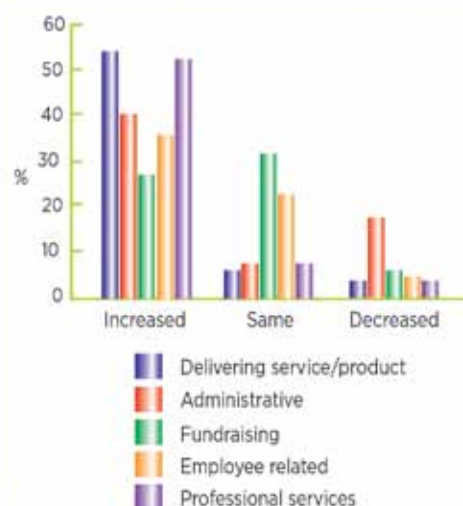
## F12. Satisfaction with current issues

Q. Thinking back over the past 12 months, rate your level of satisfaction with the following issues



## F13. Current costs, compared to 12 months ago

Q. Over the past 12 months, how have the overall costs of delivering your services changed?

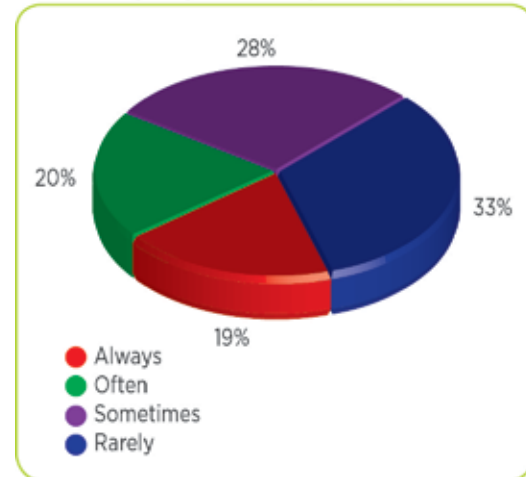


## Promoting and creating awareness

Given the below-average level of satisfaction expressed by majority of organisations in the perceived value and public awareness of their work, it is important to consider in more detail how organisations in the North-east's Third Sector promote themselves and create awareness for their services and products. F14 provides a summary of overall frequency of use of any type of promotion or awareness-creation mechanism, while F15 provides a breakdown of usage frequency according to type of promotion tool/avenue. It can be seen from F14 that 19% of organisations said that they always use some form of promotion, 20% do so often, but do not always employ a means of promotion. However, only 28% use promotion sometimes and as much as 33% rarely use any form of promotion. The breakdown in F15 shows that most organisations use networking as their means of promoting their activity and creating awareness, and this is closely followed by the number that use a website for these purposes. The majority of organisations do not use either advertising or sponsorship to create awareness.

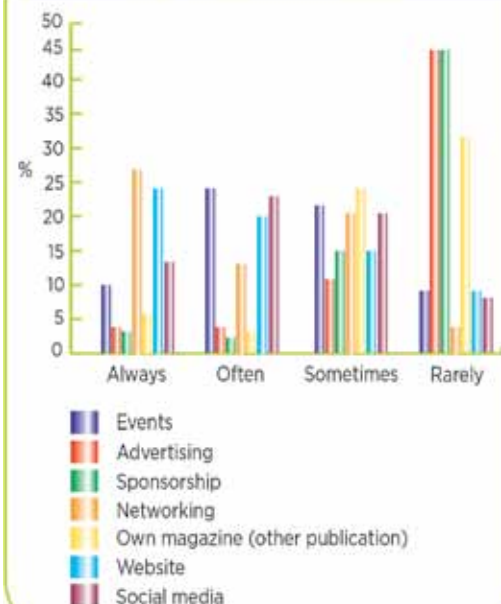
Separately, organisations were asked to report on their use of social media for promotion, marketing and awareness creation. This was deliberately done to compare the reported use of social media in other sectors, and the pre-research assumption that this model of reaching the public and audience might provide specific appeal to the Third Sector. However, the sector in the North-east reports that only 25% are currently using social media most frequently, while 34% use it often but not always. However, for 29% and 12%, usage is only sometimes or rarely, respectively (F16).

**F14. Frequency of use of any form of promotion**



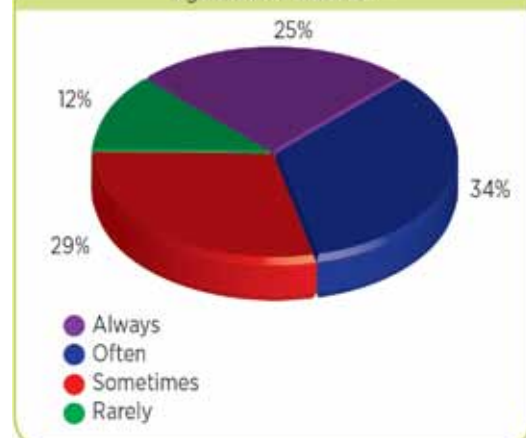
**F15. Means of promotion**

Q. In what ways do you create awareness for your organisation and its services?



**F16. Use of social media in past 12 months**

Q. In the past 12 months, how often did you use social media to communicate with your organisations audience?



The results show that over 60% of respondents have a marketing budget while less than 30% do not.

Nevertheless, it would appear that organisations in the Third Sector are generally active in marketing themselves, and have some marketing budget.

The results show that over 60% of respondents have a marketing budget while less than 30% do not. However these budgets appear to be very small and for nearly 70% of organisations, the marketing budget is less than 1% of annual income. Another 6% of organisations spend more than 5% of their income on marketing, and only 3% of organisations spend over 10% of their budget on marketing (F17).





## Skills, recruitment and training

To establish employment trends in the sector, organisations were asked to state whether they had employed paid staff in the past 12 months, and to indicate their reason for doing so. Over 80% of reporting organisations said they had recruited in the past 12 months. Although most respondents (representing 39%) recruited as a result of staff turnover, up to 31% recruited because they required more staff, while 26% recruited for both reasons (F18).

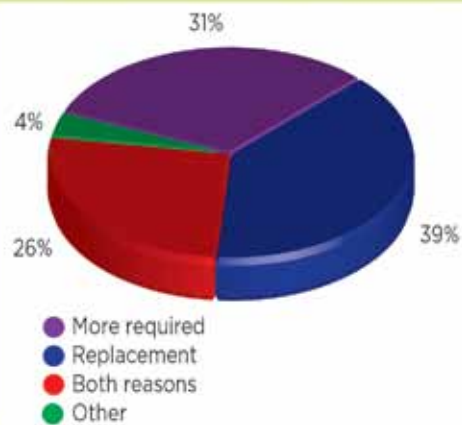
Over 80% of reporting organisations said they had recruited in the past 12 months. Although most respondents (representing 39%) recruited as a result of staff turnover, up to 31% recruited because they required more staff, while 26% recruited for both reasons

A small number of respondents, representing 4%, found hiring new staff difficult, but 44% found it very easy or easy, and 35% found it neither easy nor difficult. Overall, it would appear that finding and recruiting staff within the Third Sector in North-east Scotland is generally not a problem for organisations (F19).

25% of respondents said they had reduced the number of paid staff within the past 12 months, and for the majority (67%) this was because they had used more efficient means to run the organisation or deliver their service/product (F20). It would appear from these results that organisations are doing a lot more with fewer resources in order to cope with their existing circumstances, however it is not clear whether this is a sustainable, grounded strategy for the long term, or whether organisations are simply forced by fewer resources to temporarily cope with fewer staff. Nevertheless, the prospects for future employment in the sector appear to be in the direction of more activity in the North-east, as 18% of respondents expect an increase in paid permanent staff and 45% expect an increase in the number of paid/agency contract staff that will be required in the region. In addition, 37% of

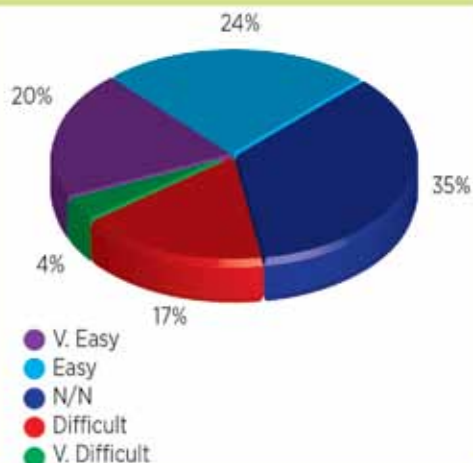
**F18. Reason for employing**

Q. What was the reason for hiring new paid staff?



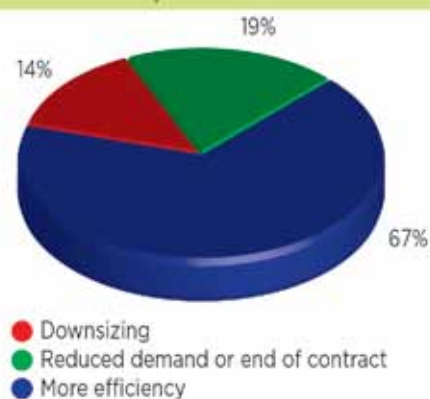
**F19. How easy/difficult to hire**

Q. How easy or difficult was it to find or hire new staff?



**F20. Reasons for reducing staff**

Q. What was the reason for reducing members of paid staff?





respondents expect that the number of volunteer staff will increase (F21).

Organisations were asked if they had invested in staff training and development in the past 12 months. While the majority answered in the affirmative, up to 17% said they had not. A further analysis shows that the main reasons for not undertaking staff training and development were a lack of requirement and a lack of funds (F22). While 60% of responding organisations spend over 5% of their discretionary income on training, 18% spend over 10% of their income for the same purpose (F23).

Organisations were asked to say what activities they undertook in order to promote interest in the sector's careers. Volunteer training appears to be the most popular strategy, undertaken by 33% of organisations, while career guidance was only utilised by 7% of organisations. 22% said they organise school talks and events to promote careers in their organisations (F24).

From pre-survey interviews, three key areas of interest to organisations were identified for which future trends were of significant interest. Survey responses showed that on aggregate, the majority of organisations expected costs to continue to rise over the next 12 months, while the sourcing income from existing and new sources would generally remain at the same levels. On balance therefore, most organisations expect resources available to deliver services/products to remain at the same level, but over 25% expect these to decrease (F25).

Specifically, F26 shows that organisations are very concerned about a drop in income from statutory/public sources, followed by concern for a drop in corporate/private funding.

Specifically, F26 shows that organisations are very concerned about a drop in income from statutory/public sources, followed by concern for a drop in private/corporate funding. It would appear that for most organisations in the sector,

#### F21. Expected staff trends

Q. What increases, if any, do you expect in your workforce numbers in the next 12 months?



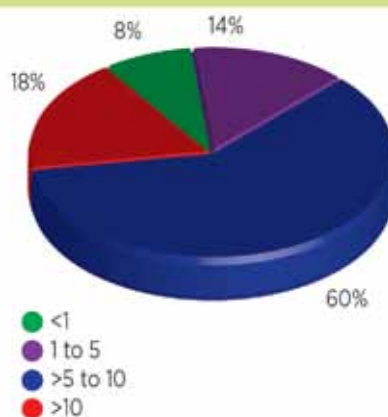
#### F22. Reasons for "No"

Q. Why have you not invested in staff development & training?



#### F23. Percentage of discretionary income spent on training

Q. Approximately what percentage of your discretionary income do you spend on staff development or training?



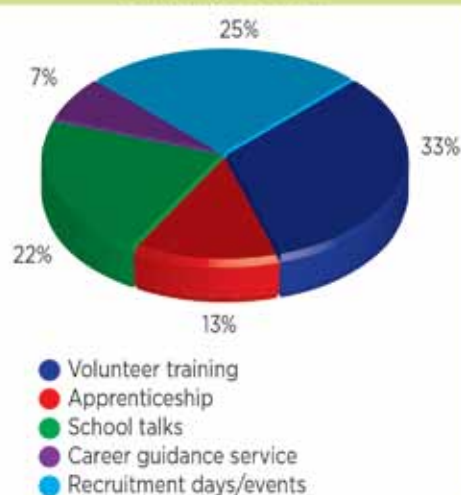
these two sources represent historically stable and reliable access to funding and income. Hence any potential negative change in these would represent significant areas of concern. However, a number of organisations in the sector depend on membership and subscription, and for these the concern could be a drop in income from this source. Furthermore, although many organisations stated that they had a trading activity, there doesn't appear to be much concern about reduced income from this source.

Guaging optimism, organisations that trade are generally very optimistic about income from this source, while most organisations are cautiously optimistic about future income from statutory sources as well as private/corporate sources. Not many organisations expect to raise income from



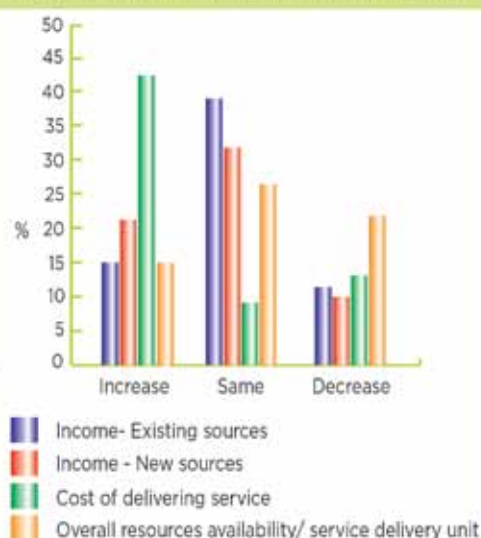
#### F24. Promoting careers in the sector

Q. What activities do you undertake to promote careers in your sector?



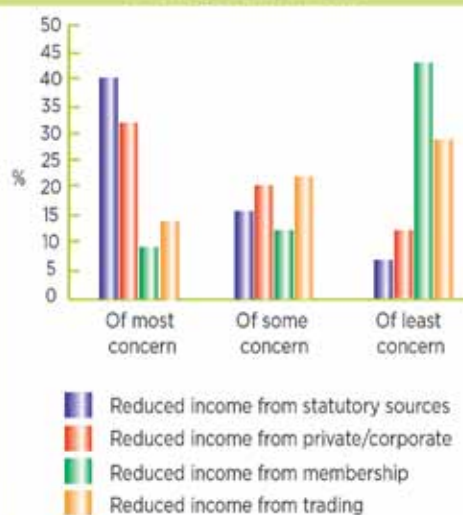
#### F25. Future trends - key factors

Q. What are the expected trends in the following?



#### F26. Areas of concern for the future

Q. How concerned is your organisation about the following potential threats?



memberships/subscriptions (F27). Nevertheless, the sector appears to be generally confident that objectives for the next 12 months would be met, with 49% of respondents stating that they were very confident while 40% expressed a somewhat more cautious level of confidence (F28).

“Most organisations (30%) suggest that the sector’s priority for the next 12 months should be on creating awareness for its services/products and the value this brings.”

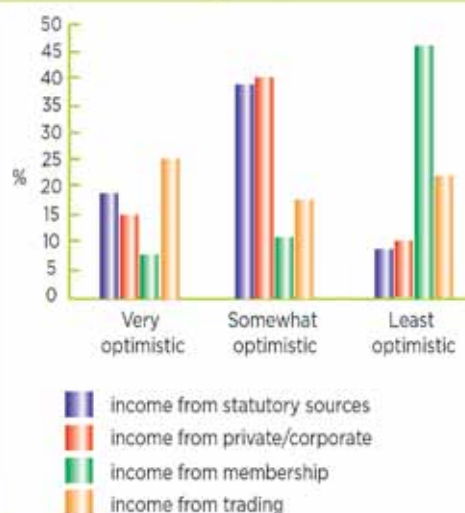
Reflecting the lack of satisfaction with public awareness and value of work as reported earlier, most organisations (30%) suggest that the sector’s priority for the next 12 months should be on creating awareness for its services/products and the value this brings. This is followed by the number of organisations which say that priority should be given to increasing cooperation between the sectors’ stakeholders. However, research and expansion into new service/product areas do not appear to be priorities for organisations in this sector, as reflected in F29.

F30 shows the aggregate ratings that organisations have given to identified strategy options for remaining viable and sustainable in the next 12 months. The most popular sector choice appears to be networking, which attracted the highest mean rating of over 45%, followed by diversification of income sources. Organisations are also keen to collaborate and improve their overall cost management.

Finally, respondents were asked about membership of a networking organisation or association. About 63% said they currently belonged to a networking organisation, while 37% do not. Therefore it would appear that while Third Sectors organisations in North-east Scotland are aware of the value of networking as reported in the previous analysis, there are still several organisations that do not belong to a networking group. It would be interesting to establish the barriers inhibiting membership of networks for these organisations, although this has not been covered in the present research.

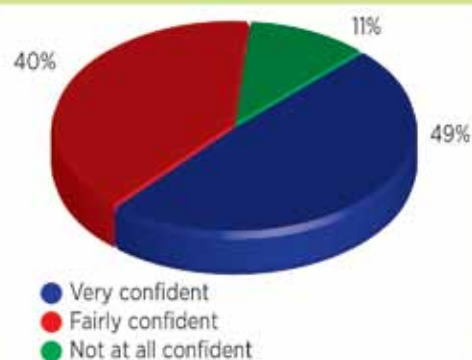
#### F27. Areas of optimism for the future

Q. How optimistic are you about the following specific objectives and issues as they affect your sector?



#### F28. Confidence in achieving objectives

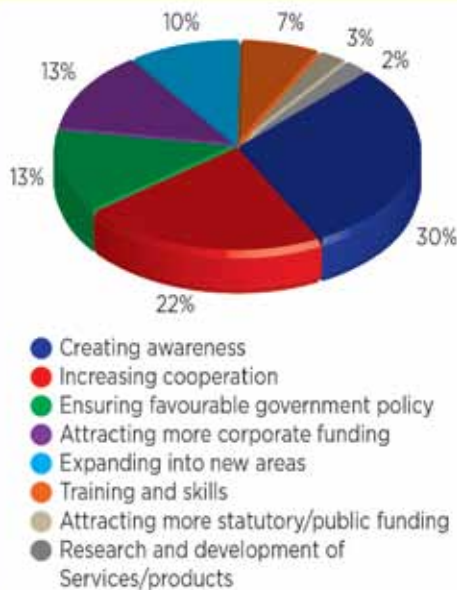
Q. How confident are you, or not, that your organisation will achieve its main objectives in the next 12 months?





**F29. Priority areas**

Q. In your opinion, which areas should the Third Sector in North-east Scotland focus on in the next 12 months, in order to be successful?



## Conclusions: what the findings tell us

The Third Sector survey has provided useful insights into current performance, issues and future concerns of the sector in North-east Scotland. Although the survey targeted only voluntary subscribers and members of the Chamber, the results are likely to be indicative of the overall profile of the Third Sector in the region.

The following main conclusions are drawn.

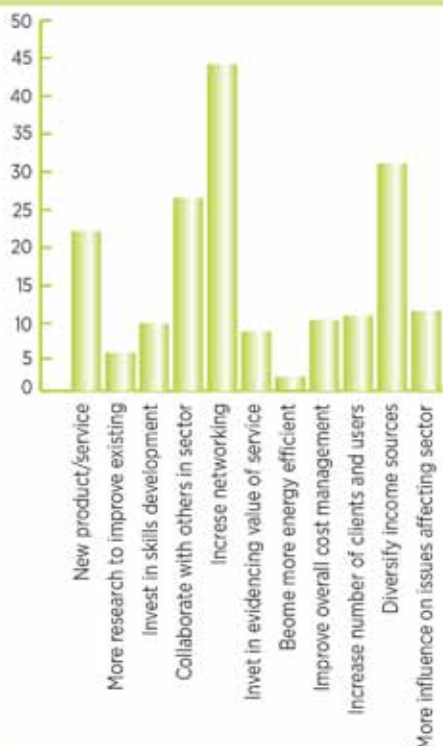
Specifically, the findings in the survey appear to show that the Third Sector in North-east Scotland constitutes many organisations of varying purposes and operational models. These organisations depend on a variety of sources of revenue and income. While a significant number of organisations primarily provide a public-sourced service and therefore also source their funding primarily through this means, there are several social enterprises and other organisations that depend primarily on trading, membership and private/corporate funding. As many as 77% of responding organisations said they trade to the general public, making trading an important activity within the sector. It would be important to examine in depth how successful organisations that trade are with this activity, and whether this can be further optimised for the benefit of the overall sector.

Volunteering is an important aspect of the Third Sector. As much as 40% of employment within responding organisations could be attributed to volunteers. While this may serve to support the sector through reduced costs and provide much needed help in a time of fewer resources, it also has the advantage that it provides training and work experience for the region's employable population. For these reasons, stakeholders should continue to encourage volunteering and suitable voluntary work schemes that will provide benefits to both the sector and the overall North-east economy.

In general, responding organisations indicate that their performance on key criteria has improved or remained the same. Specifically, more respondents said they have become

**F30. Likely strategy for next 12 months**

Q. Which of the following are likely strategies for growing your organisation in the next 12 months?





better at managing their costs, diversifying their income sources and raising income from non-public source. However, for several respondents, raising funds from private/corporate sources has proved to be the least successful. If this trend is a reflection of the overall situation in the sector, then it can be concluded that overall, performance in the key criteria is good, but that fundraising from private/corporate sources might be an area of support required by several organisations. This is particularly important when considered against the reduction in available resource relative to required evidence level as reported by several responding organisations. Although the sector appears to be coping well with fewer resources and stronger efficiency, identifying and utilising non-public funding may become more important for some organisations to be able to sustain their optimum level of operations.

A high number of organisations are not satisfied with the level of public awareness and appreciation for the work they do. This may suggest that they feel undervalued and not fully appreciated and, while there may be many reasons for this, one of the areas that is not entirely clear is the organisations' own public awareness activities. In general, marketing promotion or awareness-creation activities do not appear to be strong in the sector, perhaps due to budgetary inhibitions or lack of understanding of the importance of these. Although 19% of respondents stated that they always utilise some form of promotion and awareness creation, as much as 33% said they rarely do so. However, creating awareness for what activity an organisation does may be essential, if only to create the opportunity for those organisations to identify and explore new sources of income. Furthermore, while the sector appears to rely mainly on networking as a preferred or affordable means of marketing, responses show that a significant number of organisations do not belong to a networking group. It may therefore be argued that these organisations are not utilising the full potential of networking available in the region, and this should be further examined.

Looking to the future, organisations are apprehensive about potential reduction in incomes from public statutory sources and from the private/corporate sectors. However they



remain cautiously optimistic that the incomes from these sources could actually rise, or at least remain the same. For organisations that trade, the picture appears to be different as they are most optimistic about income from trading, and this further supports the point made earlier about exploring the potential for further encouraging trading activities in the sector.


Overall, responses indicate that the sector appears very optimistic for the future. 49% are very confident about achieving their objectives for the next 12 months and another 40% are fairly confident. The high degree of confidence reveals a sector that is coping well with fewer resources and more responsibilities, and a sector which expects that performance and circumstances can only get better. Responses show that the sector might best achieve this through more networking, better cooperation, skills improvement and creating more awareness of its services, products and profile.

“Our organisation, year on year, receives core funding from the City Council and significant funds from the Fairer Scotland Fund. Funding hopefully will continue at the same level in the next financial year but there is always a lack of certainty about future funding. The Haudagain roundabout proposals will mean that the buildings which house Middlefield Community Project will be pulled down. It is important therefore that new premises are secured. Uncertainty about the timing of the work which is only to start when the WPR is finished doesn't make it easy to plan. The Project is managed by a locally elected Management Committee which has Councillor representation. Without question, the value of neighbourhood projects such as Middlefield Community Project in terms of education, health and social welfare needs to be more widely understood and recognised. Help to develop a means of means of analysing longer term social cost benefit as a result of the interventions of Projects and initiatives like these would be a good start.

## Recommendations

1. Trading appears to be a very important activity for many Third Sector organisations. However there is no clear documentation of the models used or best practices utilised in approaching trading within the sector. It will be beneficial to understand how the sector's organisations successfully combine trading and their core activities. In future, such knowledge might help by serving as a basis for strategy and benchmarking for the sector's stakeholders.
2. Suitable volunteer schemes should continue to be established and encouraged to help the sector operate effectively and efficiently, and to provide skills and training for the region's economy.
3. Organisations should be encouraged to diversify their sources of funds and especially reduce reliance on public and statutory sources. They should also be supported with the skills and training required to effectively raise income from various sources.
4. Satisfaction with the level of public awareness and value of the sector's activities appears to be low for most organisations, and this may in turn affect their ability to source funding from various sources. While it is unlikely that many organisations can afford an expensive marketing campaign, more awareness of an organisation's activities should be created where appropriate and possible through networking and joint cooperative initiatives. Umbrella bodies such as ACVO may act as enablers for such cooperation and joint awareness creation.
5. Finally, given the importance of the sector in helping provide citizenship and social empowerment, and its role in encouraging better economic and life-quality circumstances for all, responsible authorities must continue to strongly support its activities, minimise fears and concerns about funding and resources, and promote skills and business oriented thinking as the future for a more self reliant Third Sector in the region.

 I think a better understanding of our role in business and the range of services and products we provide would be helpful. Too many people think of charities/third sector as volunteers relying on fundraising and donations - we need to raise the profile of social businesses (Social enterprise) I am not at all convinced that there will be any growth in third sector organisations which do not trade commercially. There may be winners and losers with public sector tenders but overall the idea is to shrink services. However, for those who can trade commercially there may be opportunities for growth but feel that geographically the North East of Scotland is less entrepreneurial with social enterprise than the Central Belt, Wales, Highlands. There could be a number of reasons for this.

 Lack of resources to stimulate growth, All our resources are stretched to the limit and we are all expected to produce more with less and finding any form of support through funding or CSR is becoming more and more difficult. Reserves are at rock bottom and we are treading water furiously. Not to be despondent though - we at least have a service to offer and therefore some income - and we have seen a substantial increase in requests for conference facilities and room hire in particular.

# Research Methods and Further Considerations

Pre-survey interviews were conducted with five business leaders in the sector as well as with representatives from ACVO, one of the Third Sector's umbrella bodies. From these interviews the key issues, concerns and factors affecting the sector were initially identified.

A questionnaire was circulated via an online survey which was open for 10 days. The results were analysed and presented to a panel of organisational representatives from the sector. Feedback was obtained and a final report prepared in line with conclusions reached both by the researcher and panel members.

The Chamber's Third Sector contacts provided the basis for sample delineation. Involving the wider sector using external databases was not successful and practicable due to project's time constraints. In future, a wider survey should be considered, with a longer time frame to allow for more responses, and utilising a variety of platforms. A more academic approach to sampling might also be useful if more in depth and rigorous analysis are required in future.

## Further Reading:

Third Sector employment statistics, The Scottish Government (2010). Accessed online:  
<http://tinyurl.com/7ed8ouz> on 03/02/2012.

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Scottish Government: Definition of the 'Third Sector' (2009)

The 'Third Sector' is a relatively new term for organisations that provide social or environmental benefit and which do not distribute profits. The term covers voluntary and community organisations, volunteering bodies, charities, social enterprises as well as some co-operatives and mutuals. 'Third Sector' is sometimes used interchangeably with the term 'voluntary sector'.

*Source: Aberdeen Council of Volunteer Organisations (2012)*

*Third Sector Network Sector Survey Report Supported by :*



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# *Non-profit Enterprises* Third Sector Network *North-east*



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