

REVIEW OF HIE SUPPORT TO COMMUNITY LED DEVELOPMENT 2009-2015

July 2016

Introduction

Cambridge Economic Associates (CEA) was commissioned by HIE in June 2015 to undertake a review of its support to community-led development. The study was led by Professor Peter Tyler.

The Review was required to:

- Evaluate the effectiveness of HIE's approach to community-led development and the specific components that were having the most impact;
- Explore and make recommendations on how the account management process was being delivered and how it might be changed with particular consideration given to HIE's internal systems and procedures;
- Evaluate the contribution that asset ownership brings to community resilience and to identify the conditions, support environment and longer-term requirements that underpin success.

This evaluation of community-led development has been concerned to review progress over the period 2009-2015 with a specific focus on:

- Community Account Management (2009-2015);
- Community Acquisition Support (2009-15);
- Social Enterprise Account Management (2009-15);

This document presents the key findings from the research.

Key findings

HIE support for community-led development

Supporting communities to develop and grow is a central part of HIE's approach to promoting sustainable economic growth across the Highlands and Islands. Over the years the package of policy support has evolved and developed to help communities to respond to the opportunities and challenges they face. The current approach builds on the three key elements of **investing** in building community capacity and confidence, **empowering** communities to acquire, manage and exploit community assets for community benefit, and **enabling** sustainable growth in the social economy through strong social enterprises.

The rationale for HIE's approach

The evidence from the Review is that HIE's programme of support designed to Strengthen Communities and Fragile Areas across the Highlands and Islands has been able to **substantially increase the capacity of local communities to undertake community-led development**. It has made a significant contribution to **increasing the pace of local economic growth by overcoming market failures, assisting communities to generate income from local assets and also by supporting social enterprises**. The evidence thus supports both parts of the underlying rationale for HIE's intervention. It is highly appropriate that HIE should maintain its strong economic and infrastructure related edge whilst working with others to promote the goals of Community Planning.

Programme resources

Over the period 2009-2015 some 337 organisations were assisted by HIE. Of these some 65 were Account Managed Communities (AMCs), 135 Account Managed Social Enterprises (SEs) and 137 other Community Development Organisations (CDOs) that tended to receive assistance on a project basis rather than through account management. HIE provided £33.5 million of support to community development alongside £63.3 million of other public support, £0.4 million of ERDF, £1.75 million of EAFRD and £24.1 million of private sector funding. **HIE works extensively with other public agencies to deliver the economic and social objectives of the Scottish Government. Thus, every £1 of HIE funding was associated with approximately £2 of other public support. Every £1 of HIE funding helped to lever £0.72 of private funding. HIE helps to target mainstream expenditure to more adequately meet the needs of local communities across the Highlands and Islands.**

Targeting relative need

HIE meets its objective of addressing relative need across the Highlands and Islands well. Over the period 2009-2015 total project expenditure when expressed per head of population was £961 in the Fragile Areas and £166 in the Non Fragile Areas, a ratio of 5.8:1. It is difficult to see that HIE could prioritise relative need more than this in broad terms based on this project expenditure measure.

Delivery

HIE community led development is now predominantly delivered through some form of account management, with 85% of its support allocated in this way. Discretionary support outside of account management is thus now a relatively small part of what HIE does with the exception of Community Broadband Scotland and the Scottish Land Fund. This clearly has implications for how it responds to the needs of its communities and the options that it has in deciding how to prioritise its resource allocation.

The evidence from the Review is that Account Management is highly regarded as a delivery model and the work of the Account Managers is greatly appreciated. This ability to combine local and central resource is a strong feature of HIE's approach. However, it should be noted that the number of FTEs across the network of area offices is spread relatively thinly in relation to the existing case load and the geographies involved. Given the importance of local contact the HIE approach requires careful balancing between what is done at the local level relative to the centre.

Overall impact and additionality

In relation to the additionality of the impact associated with HIE support and its partners nearly 58% of the Account Managed Communities considered it would not have occurred otherwise. The position was the same across the Fragile and Non Fragile areas. None indicated that the HIE related support had made no difference at all and thus there was no pure deadweight. Around 42% considered that some of the benefits and impacts would probably have occurred. The proportion suggesting this was greater in the Non-Fragile areas than the Fragile areas. Around 36% also considered that the impacts would have occurred more slowly in the absence of the HIE related support. The proportion was again greater in the Non-Fragile Areas than the Fragile Areas. **There is thus a very high level of additionality associated with HIE support to Account Managed Communities.**

Additionality was generally lower for the Social Enterprises, particularly on the narrow interpretation of additionality. Only around 26% identified with *all* of the benefits being attributable to HIE and related support and only 18% in the Fragile Areas. It was of interest to note that, by way of comparison, some 52% of the non account managed more individual project supported Community Development Organisations reported that all of the impact was attributable. **The evidence suggests that in the case of the Social Enterprises the support was far more likely to have increased the scale of the impact or speeded things up, particularly in the Fragile areas where nearly 73% considered that some impact would have been achieved anyway. A very large proportion, 66-73%, of Social Enterprises in both Fragile and Non-Fragile areas considered that HIE related support had brought forward the impacts.**

Moving Forward

Whilst much progress has been made since HIE began its account managed approach to community-led development it is now appropriate to move the approach forward and align resources with changing needs and priorities so as to continue to deliver cost effective outcomes. There are three main areas where HIE might wish to change what it is currently doing. The first is to develop a formal entry pipeline for Account Managed Communities and also an associated exit model. The second is to change specific aspects of the current delivery model and the third is to change the balance of resources currently allocated between Account Managed Communities, Social Enterprises and organisations that receive support on a project basis and are thus not account managed.

An entry and exit model

There is currently no formal **entry pipeline for communities to become account managed**. Nor is there clear guidance as to when it may be appropriate for Account Managed Communities to **exit** the process. There are strong arguments for establishing an **entry pipeline** analogous to the Business Gateway model to deliver support to account managed businesses. In a similar vein it is also appropriate to establish an **exit** procedure.

Changing the format of existing delivery

HIE delivers account management to both its communities and enterprises through an area based approach that is reinforced by support from its central office support teams. It makes available a very extensive array of policy initiatives to those it assists. Access to a portfolio of policy support combined with the on-going support of the Account Manager is what distinguishes account management from that of the standard more re-active project driven approach. What is offered, and how it is offered could be changed quite extensively. A key candidate in this respect is the delivery of a Local Development Officer. The evidence from the Review is that this resource is of great value to communities but there is scope to share and pool expertise, particularly across areas. There would also be value in maximising the opportunity for networking. There are also some cases when the deployment of an LDO may not be the most appropriate response. LDOs tend to have a generic skill set which may not cover all issues facing the community. Specialist advice may be required. In some cases it may be beneficial to engage a part time LDO and to utilise external specialist consultancy input where necessary.

Resource allocation

During the course of the Review it was possible to gain some insight into the relative cost effectiveness of the types of intervention that HIE provides through account management and how this compared to support provided through the traditional more reactive project driven approach. At the present time, the balance of evidence suggests that HIE obtains a relatively high level of additionality from its interventions with Account Managed Communities. Gross additionality is higher than from its more project based support and it is also relatively greater than that associated with support for Social Enterprises, both socially orientated and more business driven. Clearly, the additional impact of AMC intervention is associated with a broader package of social and economic outcomes. It should also be recognised, as discussed earlier, the AMCs vary quite extensively in their stage of development and thus the scale of their achievement.

In terms of contribution to impact on local area income, evidence indicates that HIE and its partners are tending to secure the greatest impacts from engagement with AMCs, followed by support to non-account managed community development organisations, and then social enterprise.

In these circumstances it would seem appropriate to consider increasing the relative resource deployed to support predominantly asset based project driven interventions and to increase the focus on support to account managed social enterprises with identified potential to deliver growth. These changes could be introduced over a suitable period of time and ensure resource allocation continues to be directly aligned with growth opportunities.

The HIE measurement framework

In future, if HIE wishes to align its resources more closely to the stage of development of its clients it should develop its existing output measurement framework further. Attention should also be given to ensuring a more effective capture and alignment of economic and social impact, particularly as it relates to asset creation. A better assessment of the size of the longer term economic gains to communities from investing in key assets is essential.

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