SCOTTISH THIRD SECTOR TRACKER

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SUMMER 2021

Scottish Third Sector Tracker

Wave one findings

Introduction

This paper presents the key findings from the first wave of the Scottish Third Sector Tracker. The Tracker will collect quarterly panel data from Scottish third sector organisations to give current insights into the state of the sector, key trends, and developments. More information about the Tracker is available **here**.

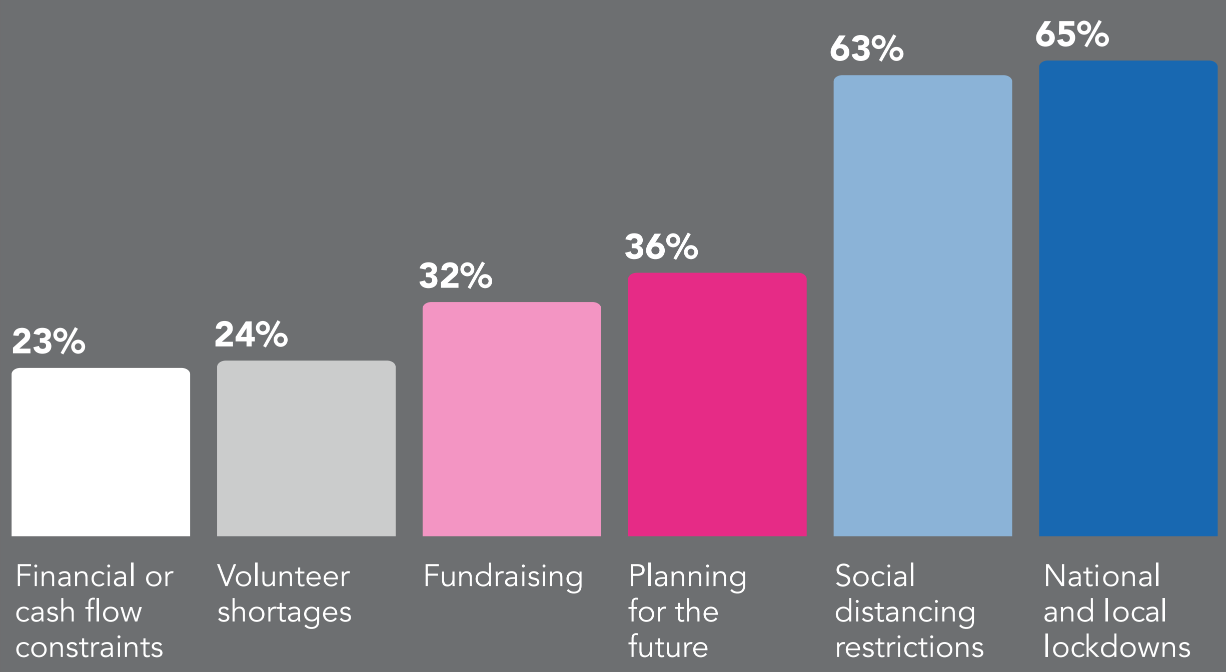
Methodology

These results are from a survey of 585 third sector organisations based or operating in Scotland. Interviews were conducted by telephone or online. The research took place between 16th June and 31st August 2021. Quotas and weighting have been used to ensure the final dataset represents the Scottish third sector in terms of organisations' location, activity, and turnover. This survey forms the baseline for a longitudinal survey intended to run quarterly for a further five waves.

Findings

Almost all (98%) organisations have faced challenges since the start of the pandemic in March 2020. The biggest challenges that organisations reported facing when trying to deliver on their planned work and services included, national and local lockdowns (65%); social distancing restrictions (63%); planning for the future (36%) and fundraising (32%). These and other challenges resulted in 73% of organisations being unable to fully deliver on their planned work and services since March 2020. This was especially true for religious organisations (93%) and those working in culture and sport (85%)

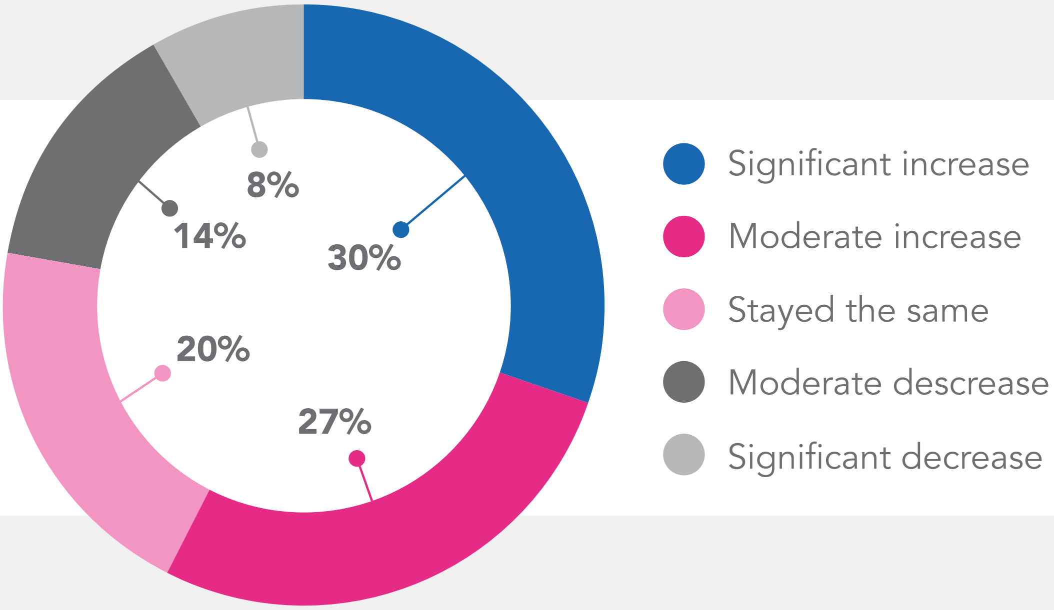
Figure one: the biggest challenges faced by organisations since March 2020



Despite these challenges, 27% of organisations were able to fully deliver on their planned programmes, including 16% who exceeded their plans. Unsurprisingly, organisations working in health (21%) and social care (22%) were most likely to report that they had exceeded delivery of their planned work or services. It is also unsurprising, given that many social enterprises rely on trading as an integral part of their business model, that they were the type of organisation most likely to report being unable to deliver on their planned work or services, 22%.

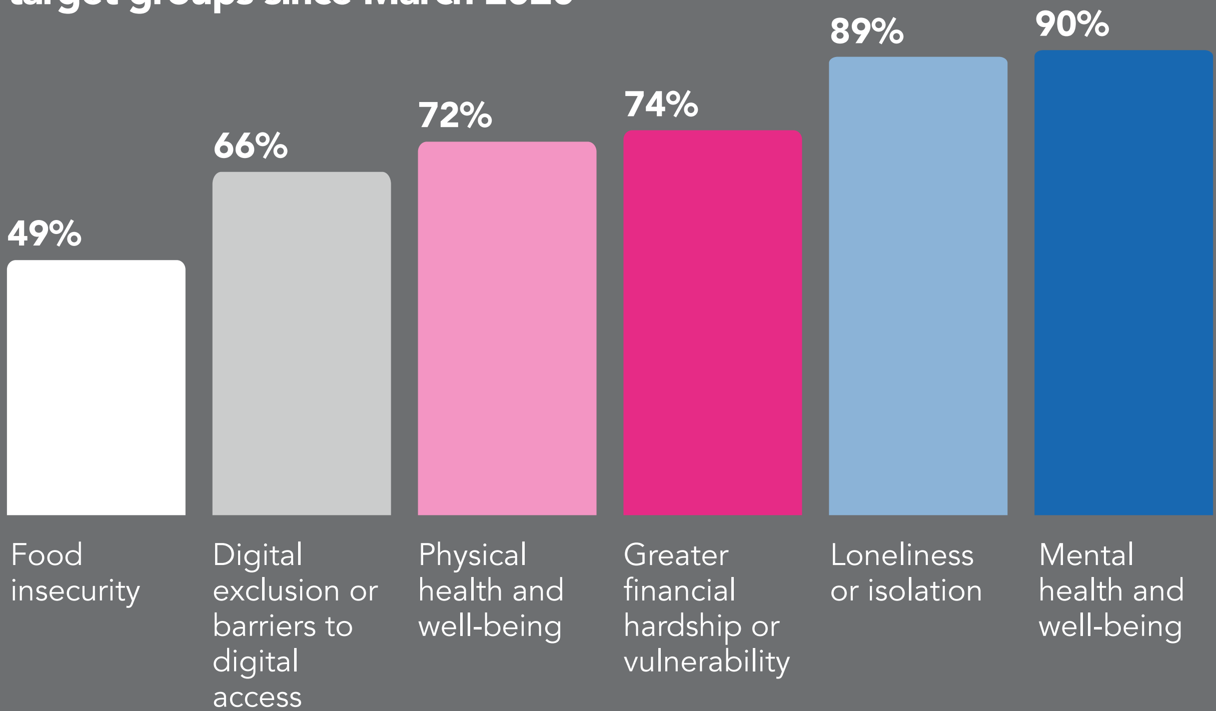
The pandemic has increased demand for third sector organisations, services and activities, with 57% of organisations reporting an increase. This increase is most pronounced in umbrella bodies (73%); law, advocacy, and civic organisations (72%) and those organisations working in health (68%). Of those 57% of organisations that had seen an increase in demand, 71% were able to meet most or all that demand, with this figure being as high as 90% for umbrella bodies.

Figure two: demand for core services or activities since March 2020



Many organisations (96%) also reported emerging needs in the communities and target groups they serve. The most common were mental health and wellbeing (90%); loneliness or isolation (89%); financial hardship or vulnerability (74%); physical health and wellbeing (72%) and digital exclusion or barriers to digital access (66%).

Figure three: emerging needs in communities and target groups since March 2020

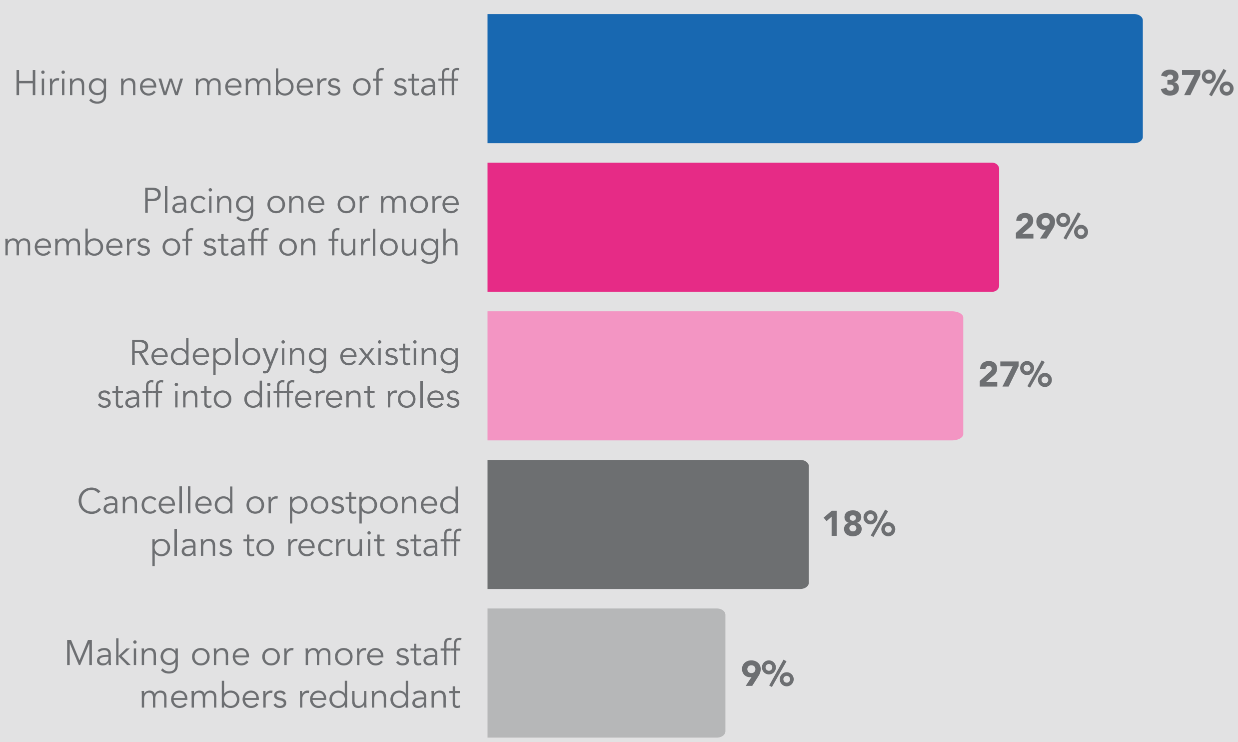


Again, almost all (99%) organisations have had to adapt their activities or services in response to the pandemic. Seventy-eight percent (78%) of those organisations have had to suspend some operations, with an equal number either reducing operations, activities or services or adapting those services to support people remotely (79%). The pandemic has also precipitated organisations to offer new or different services to support people (72%) or to increase some of their existing operations, activities, and services (56%). This increase in new or different services is most evident in families, children, and social care (86%) and faith organisations (88%).

Staff and volunteers

The measures that organisations have taken since the start of the pandemic include, hiring new members of staff (37%); placing one or more members of staff on furlough (29%); redeploying existing staff into different roles (27%) and making one or more staff members redundant (9%). Larger organisations were especially likely to have taken on new staff (87%) or redeployed (65%) existing staff and one in ten organisations still had staff on furlough in the summer of 2021.

Figure four: measures taken since March 2020



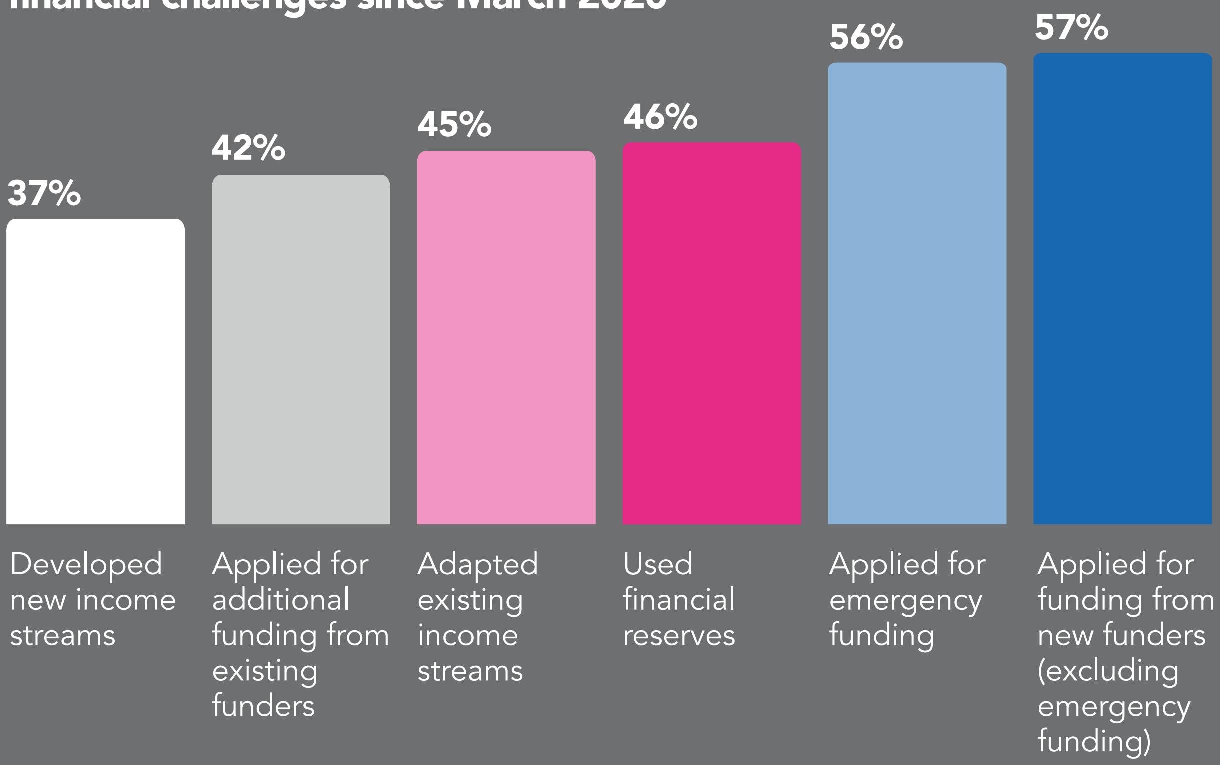
In general, organisations reported a 36% decrease in the number of people actively volunteering during the pandemic. This was most apparent in faith organisations (51%); housing (45%) and families, children, and social care (41%).

Finances

Almost half (48%) of all organisations saw a decrease in turnover compared with pre-pandemic levels. Of these, 71% predict reduced turnover for at least another three months, including 19% who expect it to continue for at least another year. This decrease in turnover was most evident in smaller organisations (56%) compared to 29% of larger organisations and predominantly driven by a drop in trading (34%); fundraising (25%) and donations (13%).

The sector has looked to address these financial challenges by applying to new funding sources (57%); using reserves (46%); and developing new funding streams (including digital donations and online fundraising) (37%). Despite these measures, 22% of organisations had to temporarily stop operating altogether at some point during the pandemic.

Figure five: actions taken in response to financial challenges since March 2020



In terms of financial reserves, 61% of organisations hold less than 6 months' financial reserves, with half of these (53%) believing their reserves to be very important or essential to their future survival. This is particularly true for law, advocacy, and civic organisations (80%).

Having said that, the sector is relatively confident in its future, with 97% of organisations confident that they'll still be operating in 12 months' time. This was highest for umbrella bodies (100%) and education and research organisations (100%), but lower for housing organisations (68%).

Finally, organisations were asked two open questions:

- For your organisation, what are likely to be the greatest challenges you will face over the next two years?
- What are the most important types of support that organisations that support the sector (SCVO, Scottish Government, funders) can offer over the next two years?

These questions have generated a lot of data and a full analysis of this is in development.

Conclusions

The findings from this first wave highlight just how disruptive the pandemic has been for third sector organisations in Scotland. Many could not deliver fully on their work plan for the year. However, the sector has responded by adapting and creating new services to meet increased demand and emerging needs.

Subsequent research waves will give us more insight into how the sector is continuing to adapt to changing operating conditions in relation to COVID-19, as well as highlighting new challenges.

We are grateful to all the organisations that are participating in the panel. If your organisation is interested in joining the panel, there are still opportunities to do so, please contact us at **STSTracker@djsresearch.com**.

Sponsored by: SCVO

In partnership with: William Grant Foundation, Community Fund, Scottish Government Riaghaltas na h-Alba gov.scot, djs research