

SCOTTISH THIRD SECTOR TRACKER

Sharing today. Thriving tomorrow.

In summer 2022, the impact of rising costs became increasingly apparent, both on third sector organisations and the communities they work with. Organisations reported sharp rises in costs across almost all operational areas.

Almost 80% reported that they were seeing increasing financial hardship in the groups and communities they work with. Demand for third sector services continued to increase, although most organisations reported that they were able to meet this demand.

Impact on third sector organisations

Most third sector organisations continued to face challenges (91%) into August 2022. The most common challenges faced were:



72%
Shortages & issues with staffing & volunteers

In line with 71% in April



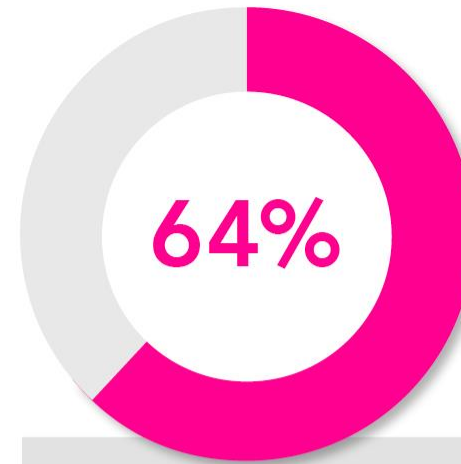
62%
Financial challenges

In line with 61% in April



32%
Difficulty planning for the future

Slightly down from 36% in April



Almost **two-thirds** of third sector organisations continued to see increased demand for their services

Also 64% in April 2022

Of these:

80%



had the capacity to meet most or all of this increased demand

In line with 78% in April 2022

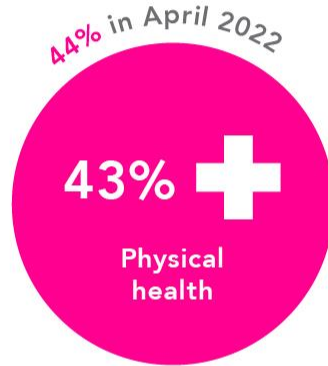
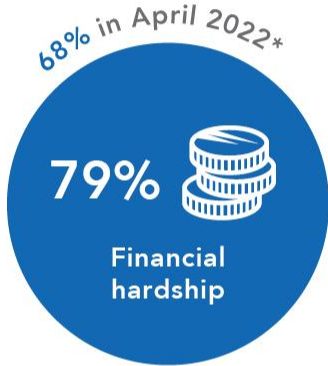
Two thirds (67%) of organisations were able to meet or exceed their planned programmes or services in the three months to August 2022



This is up from **50%** of organisations able to do so in the three months leading up to April

Experiences of communities

In line with April 2022 (86%), the majority (88%) of organisations providing services directly to the public highlighted that there were emerging needs that were worsening in the communities they serve:



Two-thirds (66%) of organisations providing services directly to the public reported seeing the rising cost of living impact communities.

In line with April 2022 they reported witnessing:



*New code 'the rising cost of living' added to the 'financial hardship' net score in August 2022.

Staffing & volunteers

19% of organisations had increased the number of paid staff they employed in the previous three months

8% had fewer staff

1% made redundancies ▶ 3% in the three months leading up to April 2022

26% had awarded pay rises since April, typically of between 3% and 5% (60%)



Volunteer numbers remained **relatively stable** for most organisations in the three months leading up to August 2022



56% saw no change in the number of volunteers in this time

 17% saw an increase

 22% saw a decrease

Despite this, volunteering was a key concern for many organisations, with 'volunteer shortages' being chosen as organisations' most important current challenge more frequently than any

other option (16% of organisations surveyed), and 35% of organisations saying that 'volunteer shortages' were among their top three current challenges.



Finances



19%

of organisations saw their incomes reduce between April 2022 & August 2022, while **30%** of organisations experienced **increased turnover**.

71%

Up from 63% in April 2022

of organisations experiencing **reduced turnover** predicted that this reduction would last for at least another three months.



31%



of organisations had made use of their financial reserves since April 2022 a slight increase on the 27% of organisations using reserves in the three months leading up to April 2022

57%



of organisations held less than six months' financial reserves (60% in April 2022)

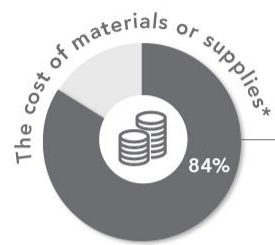
48%



of these believed their reserves to be either 'very important' or 'essential' to their future survival

93% of organisations reported rising costs since April 2022, with the most common rises being:

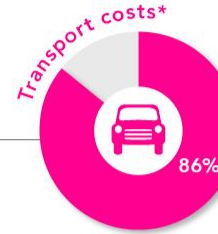
Up from 86% in April 2022



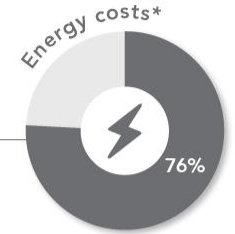
76% of all third sector organisations



43% of all third sector organisations



61% of all third sector organisations



50% of all third sector organisations

*Of organisations incurring this type of cost

37% reported that rising costs were among their three biggest current challenges

Of organisations seeing rising costs of any kind, **43%** felt this was having a negative impact on their ability to deliver their core services or activities

Most in the sector remain relatively confident of their future. In August 2022, **92%** of third sector organisations were confident that they would still be operating in 12 months' time, in line with April 2022 at **92%**.

These results are based on a survey of 429 third sector organisations based or operating in Scotland. Interviews were conducted online. The research took place between July and August 2022. Quotas and weighting have been used to ensure the final dataset represents the Scottish third sector in regard to organisation location, activity and turnover. This survey forms wave four of a longitudinal survey intended to run quarterly for a further two waves. Research and design by djsresearch.co.uk

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