Wave 5: Winter 2022

SCOTTISH THIRD SECTOR TRACKER

Sharing today. Thriving tomorrow.

Financial pressures continue to dominate the Scottish third sector landscape. December saw an increase in organisations reporting lower turnover, with those reporting lower turnover also increasingly pessimistic about how long this will last.

Rising costs remain a prevalent issue for third sector organisations, with all bar a small minority seeing their costs rise. This has affected the ability of almost half of all organisations to deliver their core services or activities.

The proportion of organisations falling back on their financial reserves has steadily increased throughout 2022, with over a third having accessed these reserves between August and December.

Challenges regarding staffing and volunteer numbers remain a key concern for the majority of organisations.

Impact on third sector organisations

Ninety-three percent of organisations believed they faced challenges in December 2022. The most common challenges faced were:

67%
Shortages & issues with staffing & volunteers

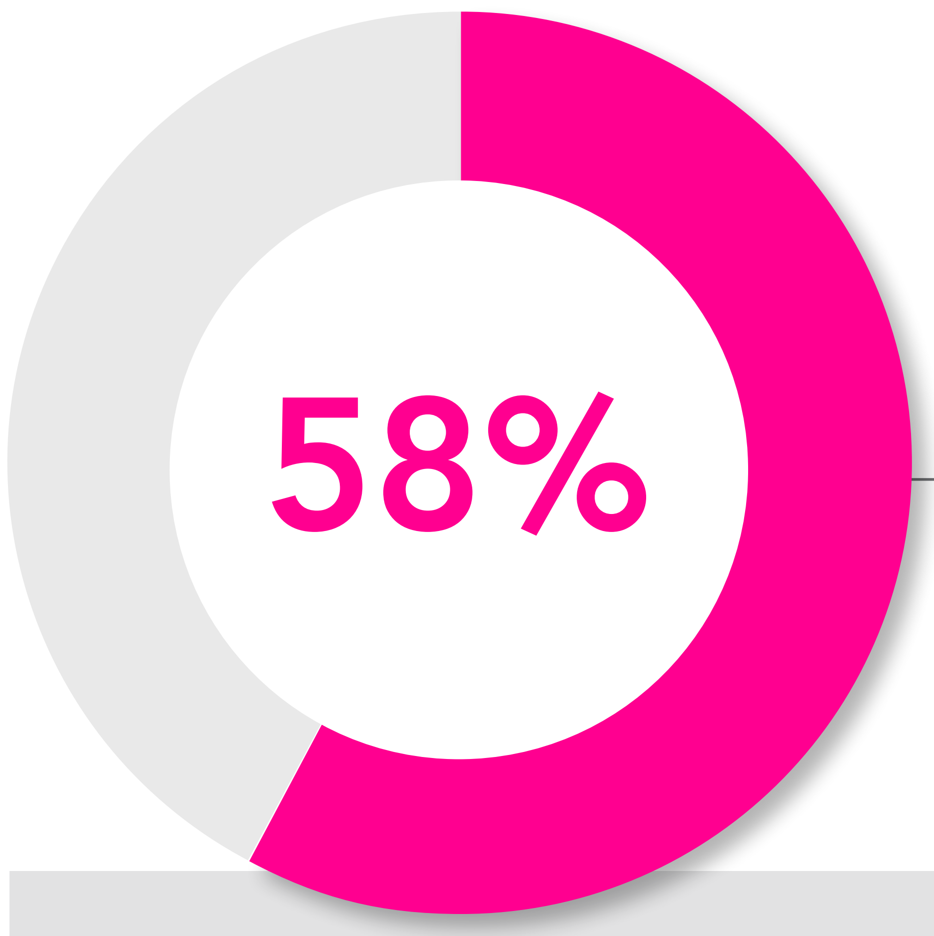
Slightly down from 72% in August 2022

67%
Financial challenges

Up from 62% in August 2022

39%
Difficulty planning for the future

Up from 32% in August 2022



of third sector organisations reported increased demand for their services over the three months before December

Down from 64% in August 2022

Of these:

81%

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

In line with 80% in August 2022

Two thirds (66%) of organisations were able to meet or exceed their planned programmes or services in the three months to December 2022.

This is in-line with the **67%** of organisations able to do so in the three months leading up to August 2022.

Experiences of communities

Most (**89%**) organisations providing services directly to the public highlighted that needs were worsening in the communities they serve:

In line with 88% in August 2022

81% Financial hardship — 79% in August 2022

72% Mental health concerns — 71% in August 2022

44% Physical health — 43% in August 2022

Almost three-quarters (**73%**) of organisations providing services directly to the public reported seeing the rising cost of living impact the people they work with

Up from 66% in August 2022

Organisations reported worsening results for:

51% Fuel insecurity

Up from 43% in August 2022

45% Food insecurity

Up from 39% in August 2022

Staffing & volunteers

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

Down from 29% in the three months leading up to August 2022

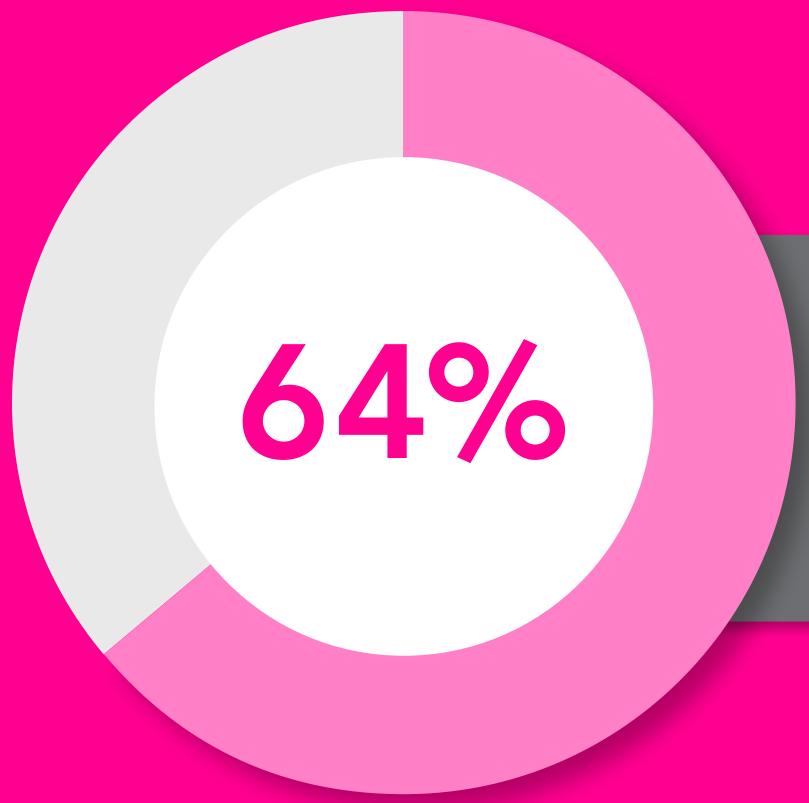
16% had fewer staff

Up from 11% in August 2022

3% made redundancies

Up from 2% in August 2022

Volunteer numbers continued to **remain stable** for most organisations that use them in the three months leading up to December 2022



saw **no change** in the number of volunteers in this time

14% saw an increase

22% saw a decrease

Finances

25% of organisations saw their incomes reduce between August and December 2022 (up from 19% in the three months leading up to August 2022), while 21% of organisations experienced increased turnover (down from 30% in August)

86% of organisations experiencing **reduced turnover** predicted that this reduction would last for at least another three months

Up from 71% in August 2022

34%

of organisations had made use of their financial reserves since August 2022, an increase on the 31% of organisations using reserves in the three months leading up to August 2022

55%

of organisations held less than six months' financial reserves

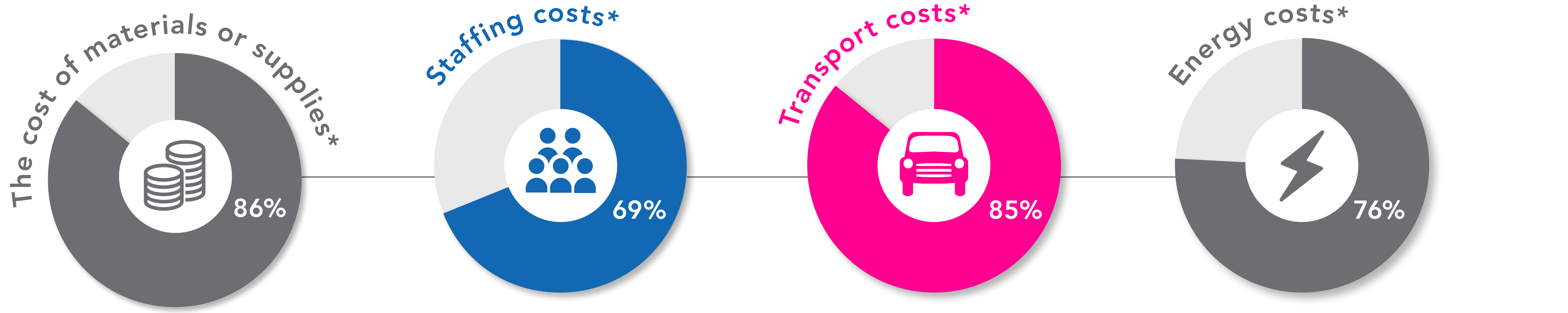
(57% in August 2022)

50%

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

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

Also 93% in August 2022



74% of all third sector organisations

41% of all third sector organisations

55% of all third sector organisations

48% of all third sector organisations

*Of organisations incurring this type of cost

46% reported that rising costs were among their three biggest current challenges

37% in August 2022

Of organisations seeing rising costs of any kind, 46% felt this was having a negative impact on their ability to deliver their core services or activities

Among those seeing rising costs 48% sought additional funding, 31% reduced or ceased activities, and 23% made financial cutbacks

Most in the sector remain relatively confident of their future.

In December 2022, **89%** of third sector organisations were confident that they would still be operating in 12 months' time

Down from 92% in August 2022

These results are based on a survey of 368 third sector organisations based or operating in Scotland. Interviews were conducted online. The research took place between November and December 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 one further wave. Research and design by djsresearch.co.uk

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