

# SCOTTISH THIRD SECTOR TRACKER

*Sharing today. Thriving tomorrow.*

Almost all organisations recorded a rise in overheads again into April/May 2023, with energy and staffing costs leading this increase. Increasingly, these rising costs are thought to be having a detrimental impact on organisations' ability to deliver their services. Financial challenges remain the most common issue reported across the sector.

In contrast, the increase in organisations reporting decreased turnover in December 2022 appears to have been reversed and accompanied by a notable jump in those recording an increased turnover in April/May 2023. For those seeing increased turnover, grant and trading income has often underpinned this rise.

Financial reserves remain important to the survival of many third sector organisations. However, new data suggests almost half of those using their reserves feel this is unsustainable and more organisations now report that they have access to less than 6-months' operating costs in their reserves.

## Impact on third sector organisations

The proportion of third sector organisations that felt they faced challenges in April/May 2023 was slightly lower than in December 2022, although still high (88% compared to 93%). The most common challenges faced were:



**71%**  
Financial challenges

Upward trend from 67% in Dec 2022



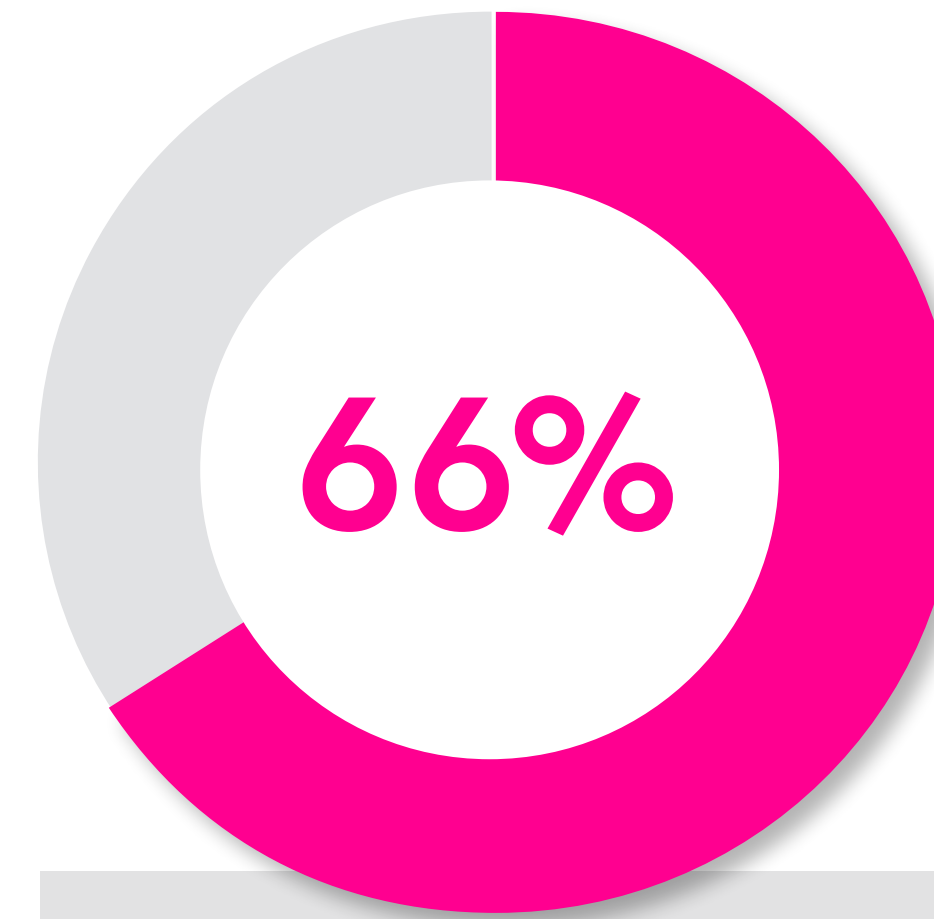
**63%**  
Shortages & issues with staffing & volunteers

Downward trend from 67% in Dec 2022



**37%**  
Difficulty planning for the future

Similar to 39% in Dec 2022

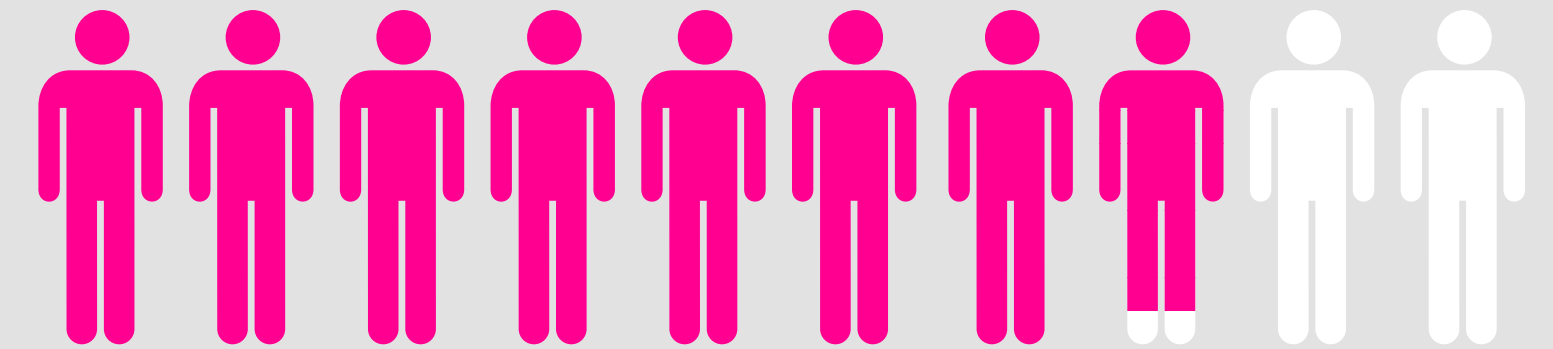


of third sector organisations reported increased demand for their services over the four months before April/May 2023

Up from 58% in Dec 2022

Of these:

**79%**



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

In line with 81% in Dec 2022

Three-quarters (74%) of organisations were able to meet or exceed their planned programmes or services in the four months to April/May 2023.

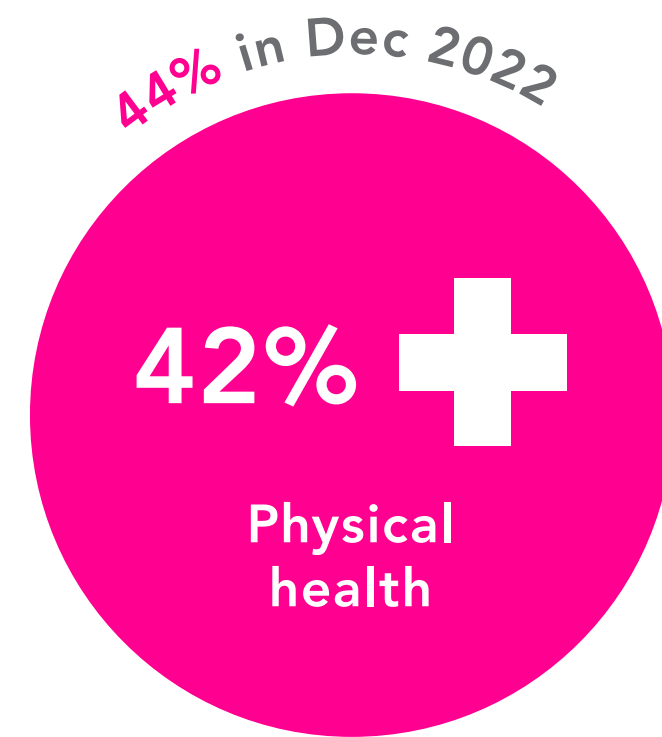
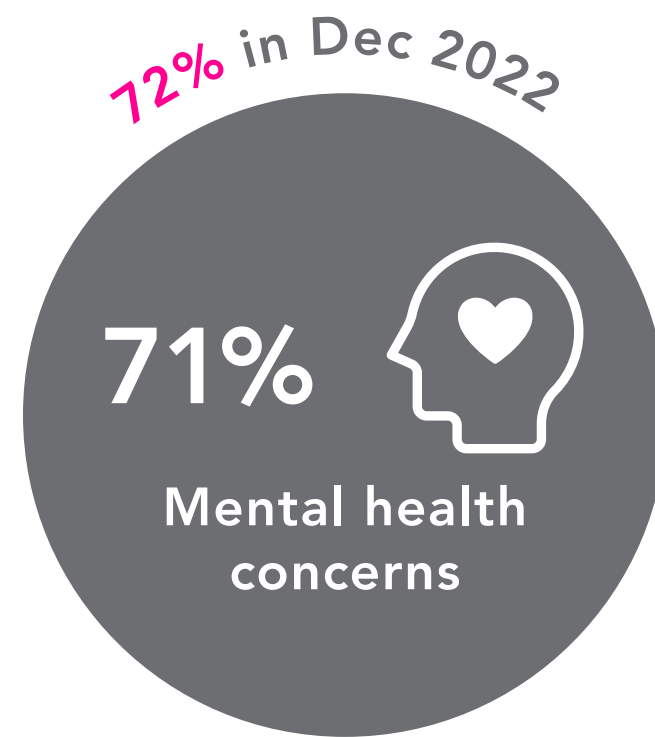
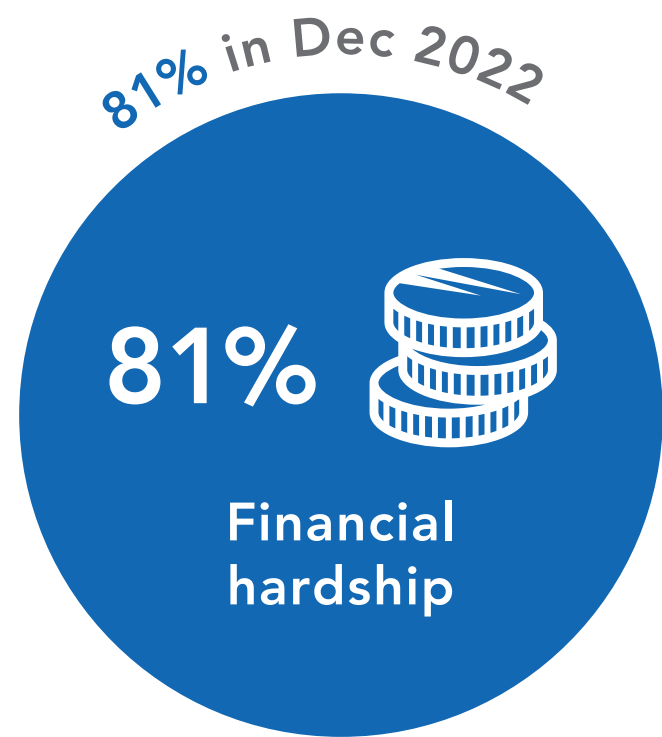


This is up from 66% of organisations able to do so in the three months leading up to December.

## Experiences of communities

Most (**92%**) organisations providing services directly to the public highlighted that needs were worsening in the communities they serve:

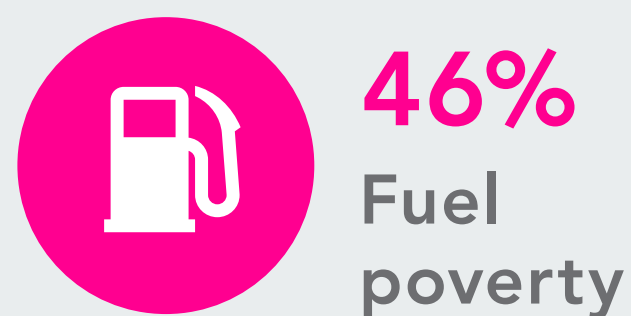
Slightly higher than the 89% seen in Dec 2022



Almost three-quarters (**74%**) of organisations providing services directly to the public reported seeing the rising cost of living impact the people they work with

In line with 73% in Dec 2022

Organisations reported seeing:



Down from 51% in Dec 2022



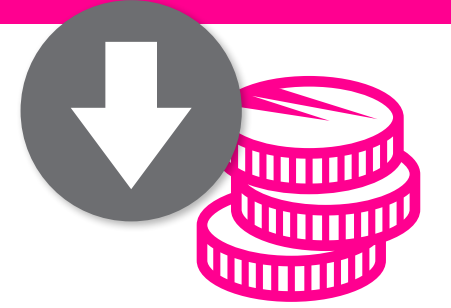
In line with 45% in Dec 2022

## Staffing & volunteers

**23%**

of organisations employing staff had increased the number of paid staff they employed in the previous four months

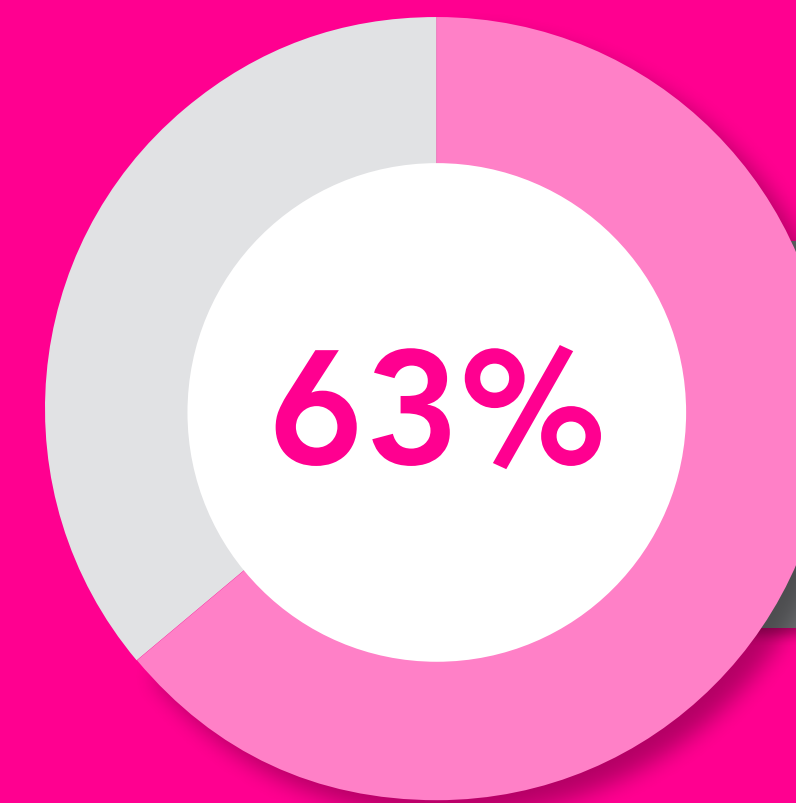
Up from 19% in the three months leading up to Dec 2022



**15%** had fewer staff  
16% in Dec 2022

**6%** made redundancies  
4% in Dec 2022

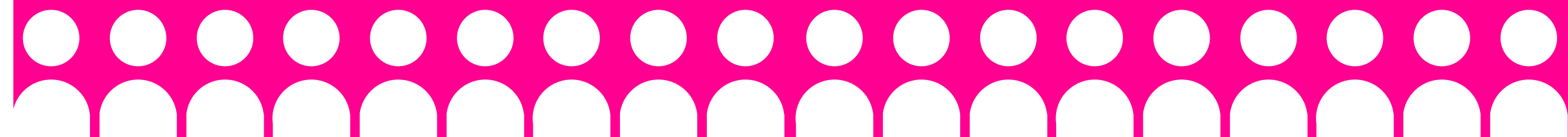
In keeping with previous waves, volunteer numbers **remained stable** for most organisations that use them in the four months leading up to April/May 2023.



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

**19%**  
saw an increase  
Up from 14% in Dec 2022

**18%**  
saw a decrease



## Finances

**16%**

of organisations saw their incomes reduce between December 2022 and April/May 2023 (down from 25% in the three months leading up to December 2022), while 29% of organisations experienced increased turnover (up from 21% in Dec 2022)

**67%**

Down from 86% in Dec 2022

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



**32%**



of organisations had made use of their financial reserves since December 2022. Of these, 44% said that this usage was not sustainable for their organisation

**59%**



of organisations held less than six months' financial reserves

55% in Dec 2022

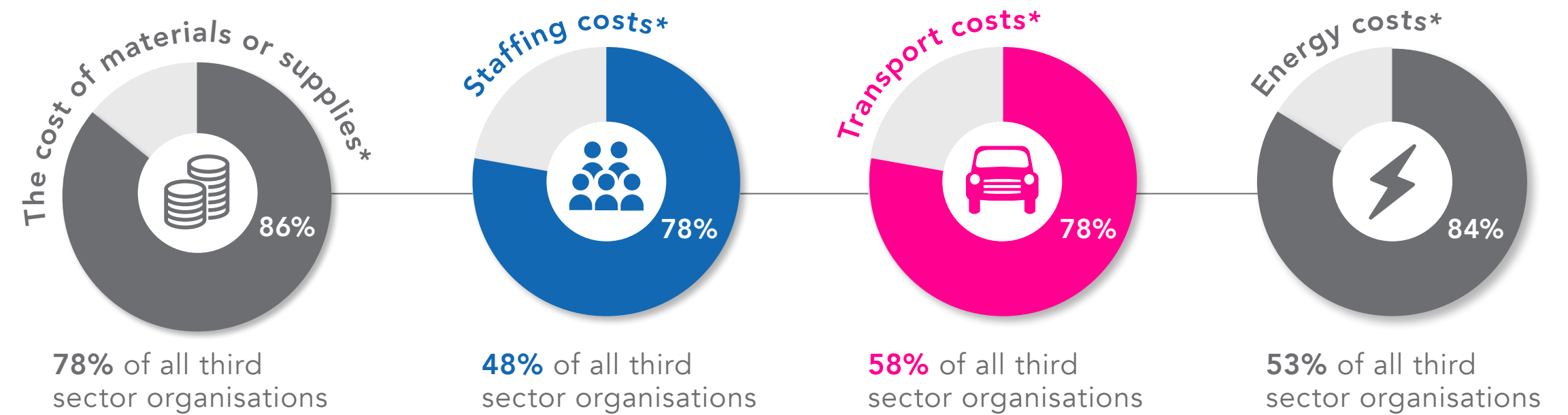
**45%**



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

**94%** of organisations reported rising costs since December 2022, with the most common rises being:

93% in Dec 2022



78% of all third sector organisations

48% of all third sector organisations

58% of all third sector organisations

53% of all third sector organisations

\*Of organisations incurring this type of cost

**45%** reported that rising costs were among their three biggest current challenges

46% in Dec 2022

Of organisations seeing rising costs of any kind, **51%** felt this was having a negative impact on their ability to deliver their core services or activities

Up from 46% in Dec 2022

**Most in the sector remain relatively confident of their future.** In April/May 2023, **90%** of third sector organisations were confident that they would still be operating in 12 months' time.

89% in Dec 2022

**41%** of organisations feel that the current level of direct practical and/or financial support available to help them manage rising costs is insufficient.

**Support most wanted:**

- Additional funding (65%)
- Help with funding applications (42%)
- Financial support for energy costs (38%)
- A central source regarding information, advice and support available (32%)

These results are based on a survey of 358 third sector organisations based or operating in Scotland. Interviews were conducted online. The research took place between April and May 2023. 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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