SCVO

Scottish Third Sector Tracker

Waves one to six

Executive summary

Introduction

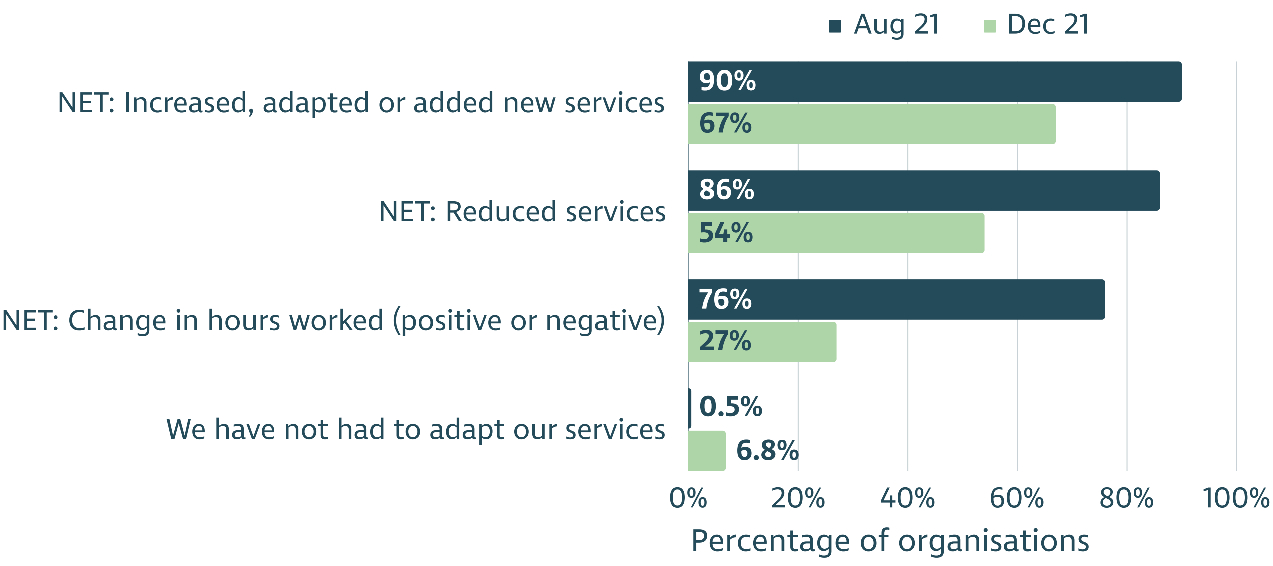
This report has provided an overview of the key insights from the first six waves of the Scottish third sector tracker, from August 2021 to April 2023. Trends relating to key challenges, financial health, service delivery, staffing and volunteering, and emerging needs have been identified, as well as insights into how organisations dealt with the crises that have affected the sector during this period, namely the COVID-19 pandemic and cost-of-living crisis.

Response to the COVID-19 pandemic

Due to the changing nature of the COVID-19 pandemic, third sector organisations had to continually adapt their services to ensure they were complying with the most up to date guidelines whilst continuing to respond to the needs of their service users and beneficiaries. The majority implemented several adaptations allowing them to run their activities safely. Some had to suspend services that could not be adapted to remote delivery.

In Wave 1, organisations were asked which adaptions to activities they had made in response to the pandemic, and whether these were still in place during Wave 2. Most organisations in Wave 1 (90%) indicated that they had increased, adapted, or added a new service (see Figure 3.7). Adaptations to their normal ways of working included: adapting services to support different groups and communities (52%) or supporting people remotely by phone or online (79%). Organisations specialising in health or religious activities were particularly likely to say they had adapted services to support people remotely or online. In Wave 2, 67% of organisations indicated that they were still maintaining these adapted or new services.

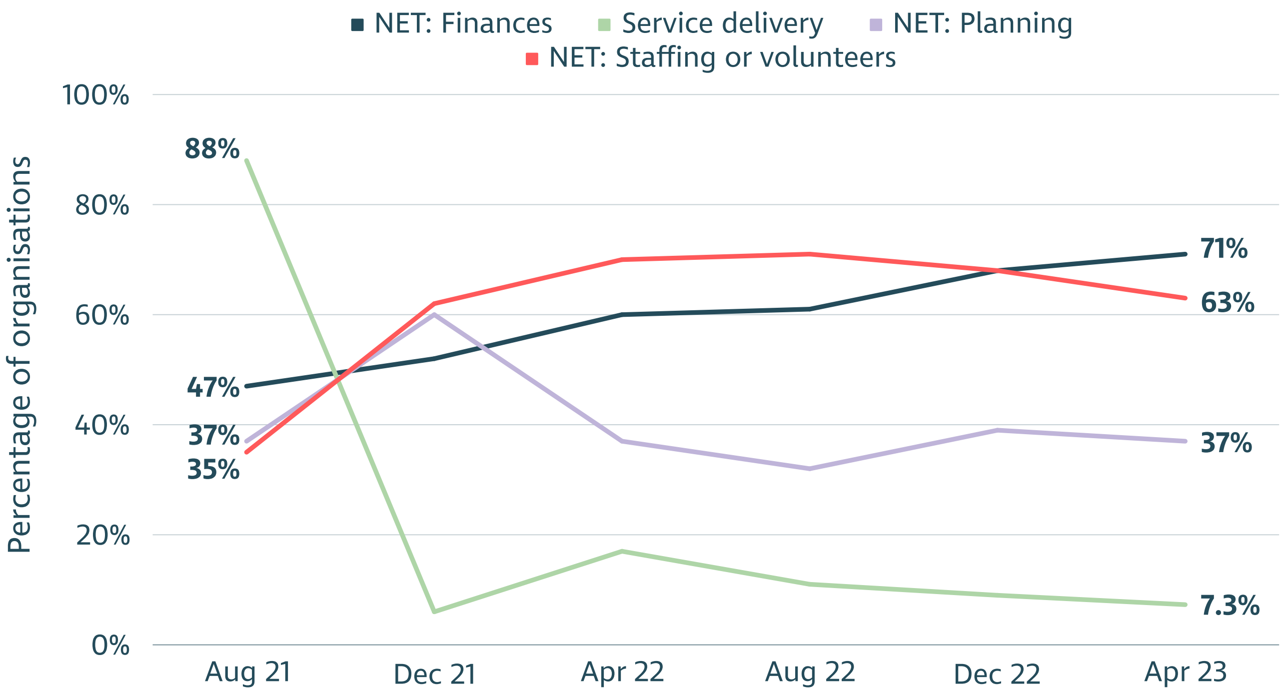
Figure 3.7: Organisations that have made adaptations to activities in response to the pandemic, Wave 1 (Aug 2021) and Wave 2 (Dec 2021)



Changing pressures on third sector organisations

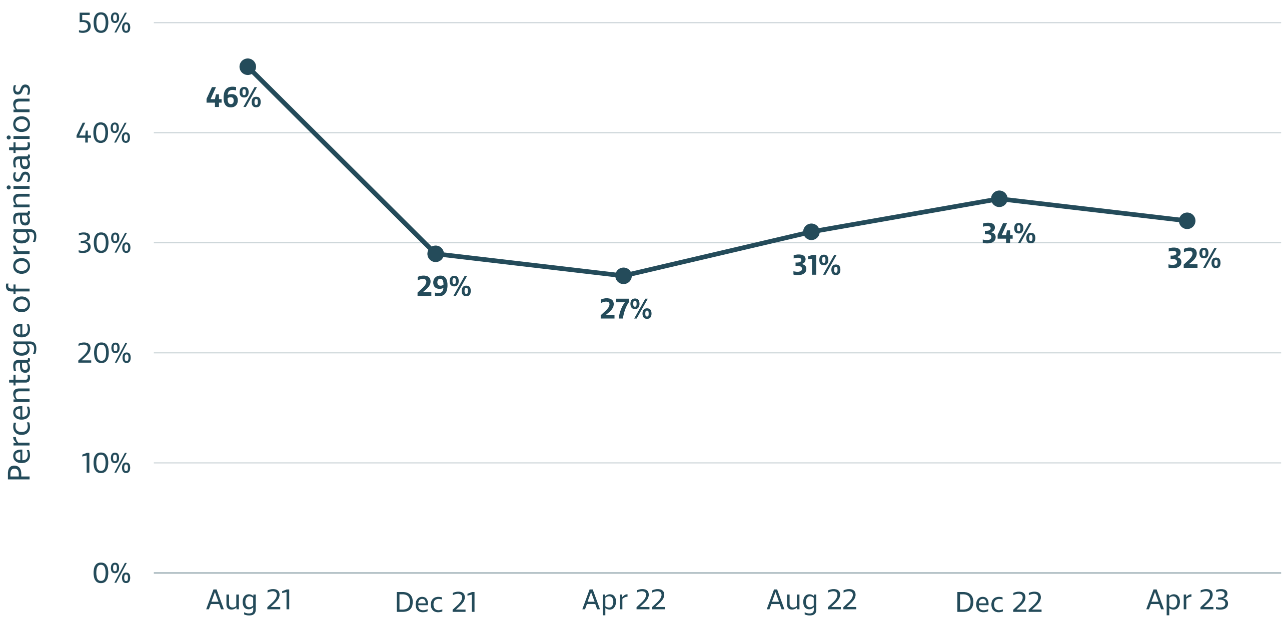
The data from the tracker observes the emergence of the sector from the COVID-19 pandemic through 2021, followed by the development of the cost-of-living crisis and associated organisational concerns during 2022 and 2023. When data collection began in August 2021, the most frequently reported top challenges of organisations related to COVID-19 restrictions, and uncertainty about the future. Since then, the frequency with which organisations have reported financial challenges has increased, and in the most recent data collection, these were the most frequently reported challenges, followed by issues relating to staffing and volunteers.

Figure 3.1: Top 3 challenges faced by organisations, Wave 1 (Aug 2021) to Wave 6 (Apr 2023)



It is concerning that a third of organisations reported having made use of their financial reserves in the 3 months leading into April 2023, an increase compared to the same period in 2022. Almost half (44%) of the organisations using their financial reserves felt that this use is unsustainable.

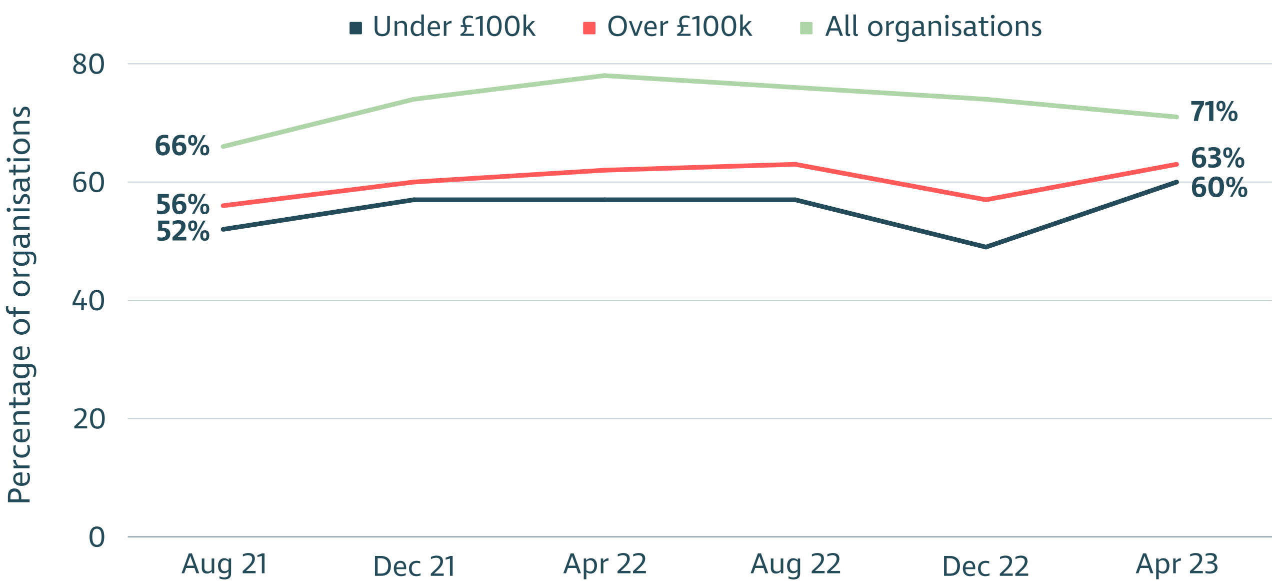
Figure 4.6: Organisations that have used their financial reserves in the last three months, Wave 1 (Aug 2021) to Wave 6 (Apr 2023) 4



Demand for services

Organisations have seen an ongoing increase in demand for their core services and activities over the six waves of the tracker. In Wave 1 (Aug 2021), 56% of organisations reported an increased demand, rising to 63% by Wave 6 (Apr 2023). There has been an accompanying significant drop in the number of organisations that have indicated a decreased demand for their services: from 22% in Wave 1 down to 6.2% in Wave 6.

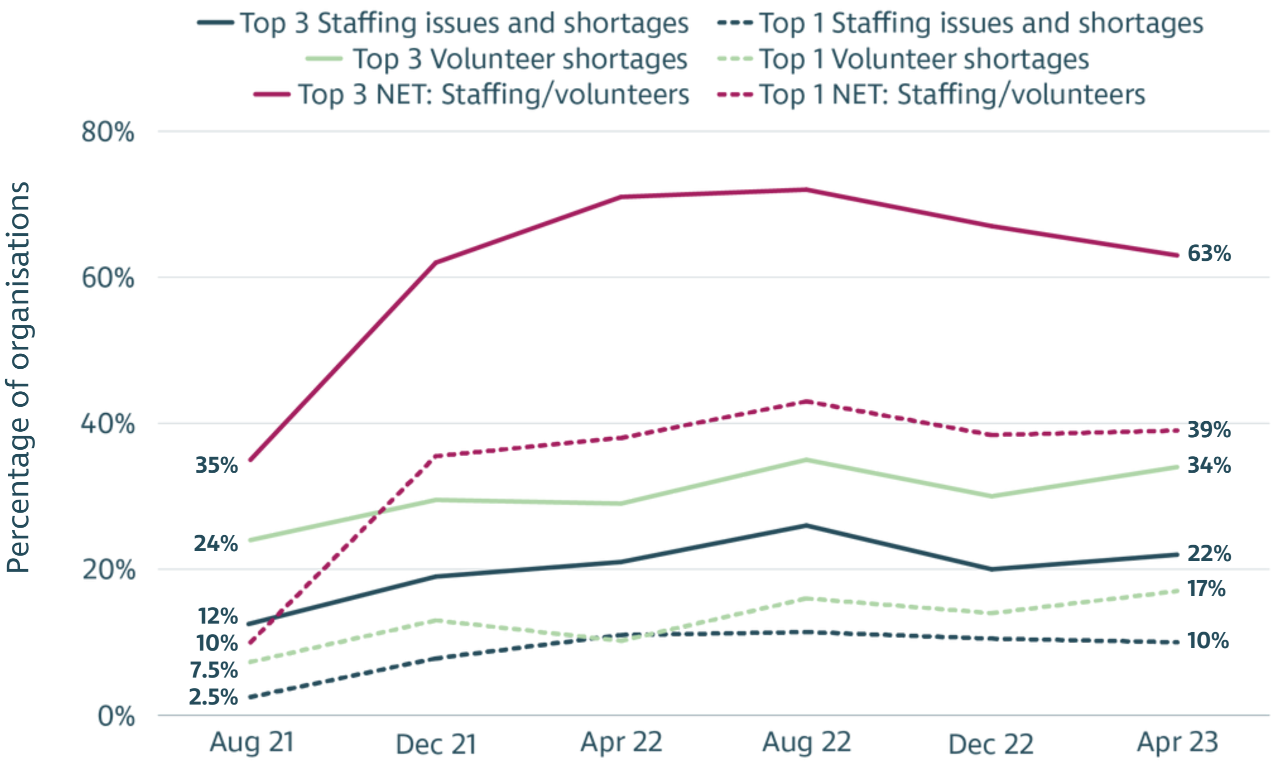
Figure 2.2: Increased demand for core services by turnover, Wave 1 (Aug 2021) to Wave 6 (Apr 2023)



Workforce

Issues relating to staffing and volunteers have also increased in prevalence since the Tracker began. In Wave 1, a third of organisations reported this as one of their top challenges, increasing to two thirds by Wave 6. Specifically, in relation to staffing and volunteers, organisations have consistently expressed high levels of concern about volunteer shortages which was most frequently ranked as organisations' number one challenge. Workforce retention also appears to be a key priority for the third sector, as just under half of organisations in Wave 6 said they faced challenges in this area.

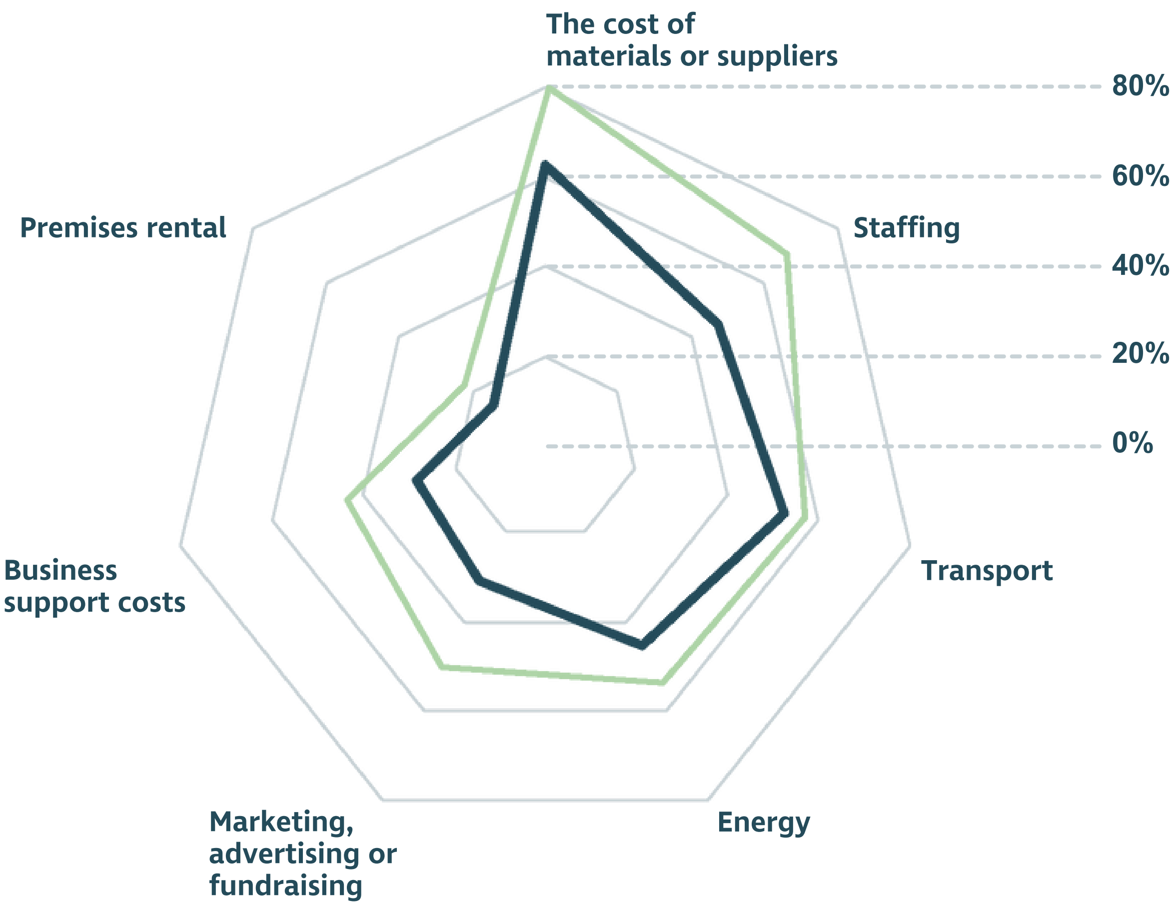
Figure 5.1: Organisations reporting staffing pressures as a top challenge, Wave 1 (Aug 2021) to Wave 6 (Apr 2023)



The cost-of-living crisis

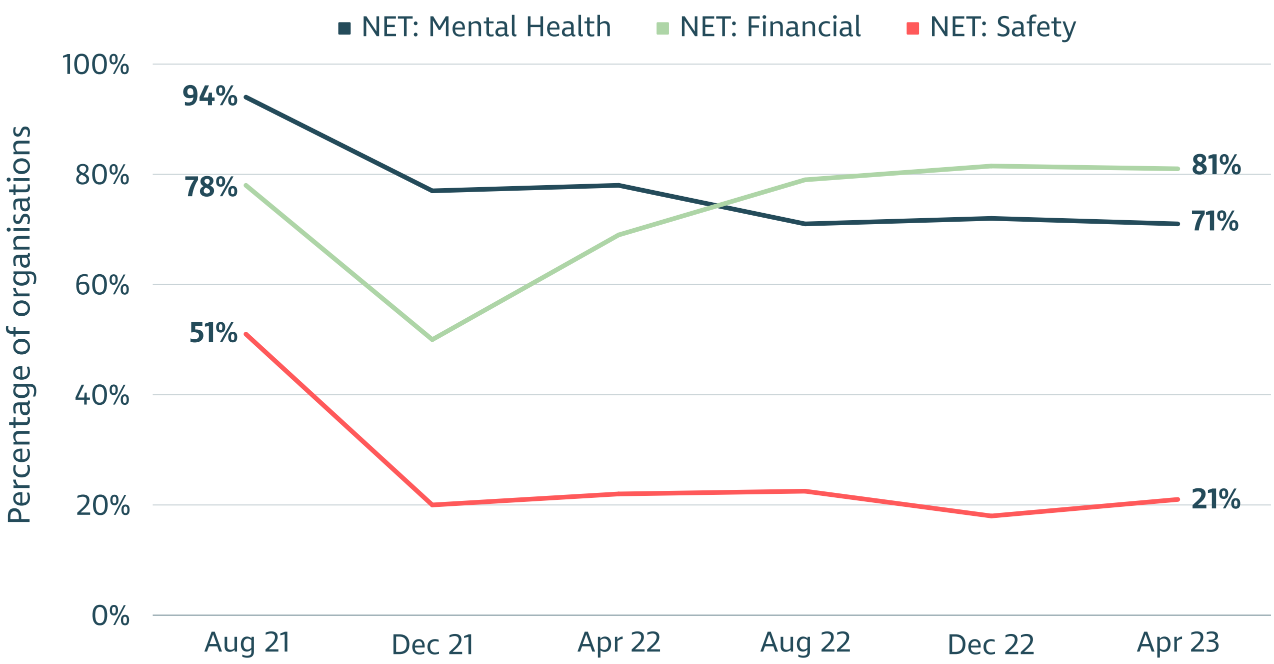
The stark rise in operating costs during 2022 and 2023 was a concern for the Third Sector, with many reporting increases in key areas such as the cost of materials or supplies, staffing and transport. As organisations faced more internal pressures from rising costs, many have had to adapt their services or activities to save money. The most recent data reports that half of the organisations sought additional funding (52%) and just over a third were forced to reduce or cease services (35%).

Figure 3.9: Change in the cost of overheads over the last three months, Wave 3 (Apr 2022) and Wave 6 (Apr 2023)



The tracker has also provided insights into the emerging and increasing needs of third sector beneficiaries in each round of data collection. Mental health needs and financial needs were the areas of emerging needs most frequently reported by organisations. Through Waves 1-3, emerging needs relating to mental health were the most frequently reported, but this was overtaken by financial needs in Wave 4 and continues to be a priority in the most recent wave of data. The cost-of-living crisis is causing increased stress and anxiety and many organisations have expressed particular concern given many of the individuals and communities they serve already live in challenging circumstances.

Figure 2.4: Organisations that have identified at least one emerging community need that has worsened in the last three months, Wave 1 (Aug 2021) to Wave 6[4] (Apr 2023)



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